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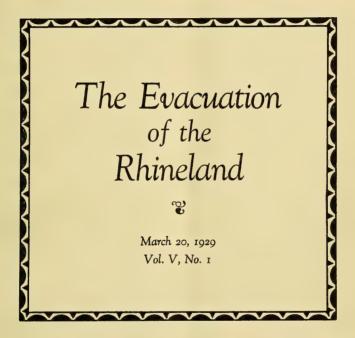
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## THE EVACUATION OF THE RHINELAND

by

MILDRED S. WERTHEIMER with the aid of the Research Staff of the Foreign Policy Association

### INTRODUCTION

The meeting in Paris on February 9 of the Committee of Experts charged with effecting a final settlement of the reparation question makes timely a review of the allied problem of the Rhineland occupation. The Germans in demanding evacuation of the occupied territory before the dates set by the peace treaty have refused officially to link the two questions of occupation and reparation. The French on the other hand maintain that only after the latter problem has been settled can the question of evacuation be discussed. The Geneva agreement between the six great powers, arrived at on September 16, 1928, provided for the appointment of two committees of experts; one dealing with reparation and the other described as a commission of "verification and conciliation." The latter committee has not yet been appointed. Its task was envisaged at Geneva as setting the date for Rhineland evacuation, as well as thereafter maintaining a certain measure of control over the demilitarized Rhineland with power to investigate German disarmament and the French defensive frontier fortifications as well. Doubtless after the reparation experts complete their task the verification and conciliation committee will be called into being.

The attention of the American public has been further directed to this problem by a statement made by Senator Borah, Chairman of the Senate Foreign Relations Committee, published in the *Hamburger Fremdenblatt* on January 24, 1929. Senator Borah declared himself emphatically in favor of immediate evacuation of the Rhineland, both in the interests of European peace and in order to facilitate German reparation payments.

Official figures of the number of Allied troops that have been and are in the

Rhineland do not seem to be available but the unofficial estimates give an idea of what the occupation has meant to the Germans. In 1922 there were about 147,665 Allied soldiers living upon German soil. By 1924, on account of the Ruhr invasion, the number had increased to about 200,000—of which 103,552 were French. The remainder were Belgian and British troops, the latter having 10,192 soldiers in the Rhineland in 1924. Since then the forces of occupation have been substantially reduced, but at present there seem to be between 60,000 and 70,000 troops still on the Rhine.

The cost of maintaining the armies of occupation is borne by Germany and deducted from the German annuities under the Dawes Plan. The occupation costs constitute a prior charge on the German budget. Since the coming into force of the Dawes Plan, the occupation has cost the Reich and the Allies a total of 437,599,475.01 gold marks, or \$109,399,368.75.2

THE last decade has witnessed many 1 changes in the international development of Europe. The first period, from the Armistice to the London conference of August 1924, was characterized by intense Franco-German hostility, culminating in what practically amounted to the renewal of hostilities in the Ruhr occupation, the subsequent German passive resistance and the Franco-Belgian reprisals. This period was marked by a serious internal situation in Germany, the depreciation of the German currency, the separatist movement in the Rhineland, the struggle to disarm the Reich and finally the reparation problem-the most difficult of all.

2. For annual costs, cf. Appendix II, p. 15.

<sup>1.</sup> For more detailed figures, cf. Appendix I, p. 15.

The second period, from the London conference to the end of 1925, witnessed a decided betterment of the situation. With the coming into force of the Dawes Plan and the consequent removal of the reparation problem from the political arena, the way was cleared for the settlement of other problems. The Locarno Conference in October 1925 was the outstanding factor of this period, one of the first tangible results of which was the evacuation of the first zone of the Rhineland in December 1925, albeit almost a year later than the time stipulated in the treaty.

The third period has been marked by the entrance of Germany into the League of Nations in September 1926 with a permanent seat on the Council, the withdrawal of the Inter-Allied Military Control Commission from Germany on January 31, 1927 and the shift of the control of German disarmament from the Inter-Allied Commission to the League Council. Finally, with Germany's re-entry into the family of nations and her remarkable come-back in the economic field, has come the concentration of German efforts on evacuation of the second zone of the Rhineland before 1930 and complete evacuation before 1935.

## TREATY BASIS OF THE OCCUPATION

It is now more than ten years since the Armistice and since Allied troops began their watch on the Rhine. According to the terms of the Treaty of Versailles, the forces of occupation are entitled to remain for six more years, when if Germany has complied with the terms of the treaty they will be withdrawn.

As a guarantee of the execution of the treaty by Germany,<sup>3</sup> "the German territory situated to the west of the Rhine, together with the bridgeheads, will be occupied by Allied and Associated troops for a period of fifteen years from the coming into force of the . . . treaty," or until 1935. This provision merely continued the occupation which had been established under the terms of the Armistice in November 1918, the limits of the occupied area being identical under both régimes.

The area of the occupied territory after the Armistice comprised about 31,000 square kilometers with a population of more than 6,000,000 inhabitants. There was, however, an important change in the legal and administrative conditions of the occupation after the Armistice, during which period the control had of course been in the hands of the military authorities.

The Versailles Treaty stipulated that "if the conditions of the present Treaty are faithfully carried out by Germany, the occupation . . . will be successively restricted as follows:

- "1. At the expiration of five years there will be evacuated: the bridgehead of Cologne" and the territory which formed the so-called first zone of the Rhineland.
- "2. At the expiration of ten years there will be evacuated: the bridgehead of Coblenz" and the territory which formed the so-called second zone of the Rhineland.
- "3. At the expiration of fifteen years there will be evacuated: the bridgehead of Mainz, the bridgehead of Kehl and the remainder of the German territory under occupation. [This forms the so-called third zone of the Rhineland.] If at that date the guarantees against unprovoked aggression by Germany are not considered sufficient by the Allied and Associated Governments, the evacuation of the occupying troops may be delayed to the extent regarded as necessary for the purpose of obtaining the required guarantee."<sup>14</sup>

As a further guarantee, Article 430 provides:

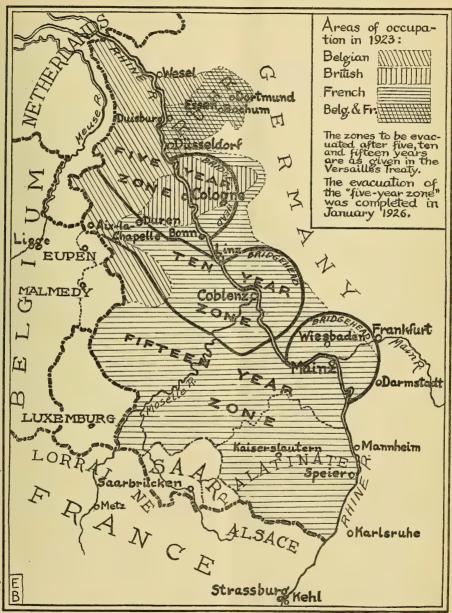
"In case either during the occupation or after the expiration of the fifteen years referred to above, the Reparation Commission finds that Germany refuses to observe the whole or part of her obligations under the present Treaty with regard to reparation, the whole or part of the areas specified in Article 429 will be reoccupied by the Allied and Associated forces."

On the other hand, Article 431 states: "If before the expiration of the period of fifteen years Germany complies with all the undertakings resulting from the present Treaty, the occupying forces will be withdrawn immediately." It is on this article that the Reich bases its present demand that the Rhineland be evacuated immediately. This demand is further rein-

<sup>3.</sup> Versailles Treaty, Part XIV, Articles 428-432.

<sup>4.</sup> Article 429.

#### THE RHINELAND



Prepared by the Foreign Policy Association, Incorporated.

forced by the terms of a declaration signed at Versailles on June 16, 1919 by the United States, Great Britain and France "in regard to the occupation of the Rhine provinces." 5

This declaration states:

"The Allied and Associated Powers did not insist on making the period of occupation last until the reparation clauses were completely executed, because they assumed that Germany would be obliged to give every proof of her good will and every necessary guarantee before the end of the fifteen years' time.

"As the cost of occupation involves an equivalent reduction of the amount available for reparations, the Allied and Associated Powers stipulated, by Article 431 of the treaty, that if before the end of the fifteen years' period Germany had fulfilled all her obligations under the treaty, the troops of occupation should be immediately withdrawn.

"If Germany, at the earlier date, has given proofs of her good will and satisfactory guarantees to assure the fulfillment of her obligations the Allied and Associated Powers concerned will be ready to come to an agreement between themselves for the earlier termination of the period of occupation."

The left bank of the Rhine has been permanently demilitarized by the Versailles Treaty. Under Articles 42, 43 and 44, Germany is forbidden to maintain or construct any fortifications either on the left or the right bank to the west of a line drawn 50 kilometers east of the Rhine. Nor can the Reich maintain or assemble armed forces. either permanently or temporarily, in this area or undertake any "permanent works for mobilization" there. A violation of these prohibitions is to be regarded as a hostile act against the signatories of the treaty and "calculated to disturb the peace of the world."6 The use of this wording implies that such a hostile act on the part of the Reich would become a matter of concern to the League of Nations under Article XI of the Covenant. Thus, even after the Allied troops of occupation are

 American Journal of International Law, Supp., Vol. 13, 1919, p. 410-411. eventually withdrawn from the Rhineland, this strip of territory between France and Germany remains permanently neutralized, and since the coming into force of the Locarno treaties this neutralization and the frontiers as well are under the guarantee of Italy and Britain.

### THE RHINELAND AGREEMENT

A separate Rhineland agreement was signed between Germany and the United States, Belgium, Britain and France on June 28, 1919, the same day that the Versailles Treaty was signed, which provided that the occupying forces should consist of troops provided by Britain, France, Belgium and the United States. According to an arrangement made at the end of 1918. the following distribution of the occupying forces had been made and was continued after peace was signed:7 The Belgians occupied the northernmost district, centering about München-Gladbach and Aix-la-Chapelle. The British were stationed in a district, the centre of which was Cologne. The Americans occupied a district centering around Coblenz. The French occupied the entire southern part of the area, including Mainz and the Bavarian Palatinate. Furthermore, the city of Bonn, between Cologne and Coblenz, which had been temporarily occupied by the British at the request of the French, was officially handed over to the French on February 20. 1920. And when on January 10, 1923 the American troops were withdrawn from Coblenz, the French took their place.

#### THE HIGH COMMISSION

The Rhineland agreement further set up a civilian body, called the Inter-Allied Rhineland High Commission, as the "supreme representative of the Allied and Associated Powers within the occupied territory." This commission was given the power to issue ordinances "so far as may be necessary for securing the maintenance, safety, and requirements of the Allied and Associated forces." These ordinances have the force of law. Otherwise the civil administration was to remain in the hands of the German authorities, except as changes

<sup>1919,</sup> p. 410-411.
6. The Locarno Rhineland pact between Germany, Belgium, France, Great Britain and Italy is even more far-reaching, Article I provides as follows: "The high contracting parties collectively and severally guarantee, in the manner provided in the following articles, the maintainence of the territorial status quo resulting from the frontiers between Germany and Belgium and between Germany and France and the involability of the said frontiers as fixed by or in pursuance of the and also the observance of the stipulation of Articles 42 and 43 of the said treaty concerning the demilitarized zone."

<sup>7.</sup> Cf. map, p. 3.

might be necessitated in adapting the administration to the needs and circumstances of military occupation. The agreement gave the commission special powers with regard to all means of communication -railway, post, telegraph and telephone. It contained fairly detailed provisions in regard to the billeting of troops. The High Commission was empowered "whenever they think it necessary, to declare a state of siege in any part of the territory or in the whole of it."8

The British, French and Belgians were represented on the commission, the French delegate being the chairman. The United States was at first represented by Mr. Pierrepont Noves as an official observer, but because of the failure of the United States to ratify the Versailles Treaty, no American could technically become a member of the commission and he was withdrawn. However, as long as the American troops participated in the occupation, an American representative was present at the meetings. General Henry T. Allen, Commander of the United States Army of Occupation. acted as the American observer on the commission and although he could not vote his opinions had weight in their deliberations.

The commission took up its seat in Coblenz and a network of officials throughout the occupied territory administered its ordinances.9 Under the terms of the agreement, relations between the occupying forces and the German civil authorities were under the jurisdiction of the Rhineland High Commission as a civil body. Persons who committed offenses against the Allied armies were, however, tried by the military courts.

The commission's authority extended equally over all parts of the occupied area and its decisions required only a majority vote. In case of a tie, the president cast the deciding vote. If a commissioner was dissatisfied with a decision of the commission, he might appeal to his government. In urgent cases, however, such an appeal would not delay the execution of the decision. Responsible to the commission are eight Permanent Committees composed of technical advisers of the four countries concerned.10 These committees study in advance questions coming before the commission and usually their views are accepted. A list of the Permanent Committees gives an idea of the extent of the High Commission's power. They comprise: Administrative, Coal, Communications, Economic, Financial, Intelligence, Legal and Requisitions Committees.

Peace between the United States and Germany was not proclaimed until November 14, 1921 and General Allen was, therefore, in a legal sense still acting under the terms of the Armistice which had regulated the Allied occupation of the Rhineland. However, General Allen states that he "deemed it advisable in the interest of unity among the Allies to put the ordinances of the High Commission, created by the Rhineland Agreement, into effect in the American Zone,"11

## ADMINISTRATION OF THE OCCUPIED AREA

The ordinances of the Rhineland High Commission have the force of law in the occupied territory. Furthermore, the commission can suspend or modify German laws if they feel it necessary and the commission has scrutinized new German laws carefully. As a result, the laws effective in the occupied territory are: ordinances of the Rhineland High Commission applicable to both the German civil population and the Allied armies, and German laws which apply to foreigners not actually attached to the occupying authorities and also to German nationals. German courts retain their civil and criminal jurisdiction except as against Allied personnel, and persons committing offenses against the persons or property of Allied forces. In the latter case, jurisdiction may be conferred on the German courts.12

The High Commission's ordinances have become an integral part of the German laws in so far as the German nationals are German courts have had to concerned.

<sup>8.</sup> The text of the Rhineland agreement is published in the American Journal of International Law, Supp., Vol. 13, 1919, p. 404 et seq.

<sup>9.</sup> In September 1921 there were 1,300 of these officials. Politischer Almanach, 1925, p. 416.

Three after the withdrawal of the United States.

Three after the withdrawai of the United States.
 Cf. Allen, H. T., The Rhineland Occupation, p. 116.
 Ireton, Robert E., "The Rhineland Commission at Work," American Journal of International Law, Vol. 17, 1923,

take into consideration the enactments of the commission in interpreting their own laws. Actually, the ordinances take precedence over all German laws, annulling the provisions of those in conflict with them. Furthermore, German authorities not only are subject to prosecution for disobeying the ordinances but may be suspended or removed from office or expelled from the occupied territory. During the Ruhr occupation wholesale expulsions from the Rhineland were made.

Besides regulating relations between the occupying forces and the civil population, these ordinances deal with a great variety of other subjects, closely controlling life in the occupied territory. Movement of persons, postal, telegraphic and telephone communication, restrictions on the press and public meetings, possession of and trading in arms and ammunition, as well as the procedure to be followed in settling industrial disputes are covered among other things by these ordinances. Political meetings cannot be held unless the *Kreis* 

representative has been given forty-eight hours' notice in writing, stating the names of the organizers and the objects of the meeting. The High Commission may prohibit the meeting if it considers that it would imperil the safety of the occupying forces. It has frequently not allowed meetings to be held and may even break up an authorized meeting under certain contingencies.

The various Allied officials stationed throughout the territory are charged with insuring the observance of these regulations and act as liaisons between the local German civil administration and the military authorities. Each occupying power has its own representatives in the section under its jurisdiction although the text of the Versailles Treaty did not recognize any distinction between the various areas. As a result, the policy in the different sections varies somewhat and there has been a marked difference in the spirit of the administration of the occupation in the different areas.

## FRICTION IN THE OCCUPIED AREA

The task of an occupying army is at best extremely difficult. The fact that German civil and Allied military administrations obtain in the same area and the difficulty of fixing the precise limits of each have offered many possibilities of conflict. Things seem to have gone fairly well during the first three years of the occupation, particularly in the British zone, 13 where satisfactory relations were established and maintained between the occupying troops and the population. However, in the French zone the Germans made many complaints, and relations were not so good.

The presence of colored troops in the French army of occupation raised in particular a storm of protest in Germany. This was probably partly due to a feeling of injured dignity that a civilized European country should be subjected to occupation by black troops. To this the French countered that these soldiers formed an integral part of the French army, and that colored troops were quartered in many parts

of France itself. General Allen reprints in the appendix to his book on the Rhineland occupation an extract from a report which he made by request to the State Department on the colored troop situation in July 1920. In this document he states that from January 1919 to June 1, 1920 there was an average of 5,200 negro troops in the French Army of the Rhine. The average number of "French colonial troops composed of natives of Africa not of pure negro blood, including distinct peoples such as Arabs from Algeria, Moroccans, etc., and Negroids, was 20,000 men." In June 1921 the General reports that a thorough investigation of the situation showed that from 12 to 15 per cent of the colonial troops in the French Army of the Rhine were pure negroes or approximately pure negroes. By the end of 1925, it is reported, all complete native units had been withdrawn, leaving only some 2,500 North Africans and Anamites serving as transport drivers and orderlies.14

<sup>12.</sup> This was true, too, of the American zone. Cf. Toynbee, A. J., Survey of International Affairs, 1920-23, p. 102.

<sup>14.</sup> Reynolds, Major B. T., "A Review of the Occupation of the Rhineland," Journal of the Royal Institute of International Relations, May, 1928, p. 209.

There were many accusations of assault and violence made against the colored troops, the German press in particular of course stressing these charges. The press outside Germany, too, was full of reports of this nature. Upon investigation, many of these charges were not substantiated but. as General Allen points out, "European sentiment in general was inclined to sympathize with the feelings of the German population." The General continues: "From many points of view it was deemed unwise to utilize semi-civilized colored troops, whether brown or black, as an occupying force in the territory of a highly civilized people. It is certain that the presence and conduct of the colored troops in the Rhineland aroused an increased hatred of the French by the German people. There were many Frenchmen who doubted the wisdom of using these colored soldiers in the Rhineland."15

Besides the complaints of the Germans in regard to colored troops it was charged by them that the French made use of their position to gain control over the valuable economic and industrial resources of the district.

During the Armistice, the Allies suspended the German export and import regulations which applied to the territory under occupation. The result was the so-called "hole in the West," through which goods entered unoccupied Germany duty-free and left Germany the same way. In March 1920 the old German import and export regulations were re-established by the Allies. A year later, in March 1921, as a further sanction against the Reich at the time that Ruhrort, Duisburg and Düsseldorf were occupied, a customs line was established between the unoccupied and the occupied districts and duties levied on

all exports and imports. The Rhineland High Commission was given entire control of this customs line including the right to issue export and import certificates and the power to change any of the arrangements concerning duties and tariffs.<sup>16</sup>

When these sanctions were removed in October 1921, this arrangement was changed, although export and import certificates from a German bureau were still required for firms located in the occupied territory.

During the Ruhr occupation, a very strict customs cordon obtained between the Ruhr and unoccupied Germany, and no goods were allowed to leave the Ruhr without a license from Franco-Belgian custom authorities. The Rhineland High Commission on January 20, 1923 set up a Customs Committee and a Committee for Import and Export Licenses, and the next month it drew a continuous customs cordon from Wesel to Düsseldorf along the line dividing the occupied from the unoccupied territory on the right bank of the Rhine. The export of goods without license from the Rhineland to the unoccupied territory was prohibited by ordinance of the Rhineland High Commission. In June 1923 duties were imposed and licenses required on goods entering the occupied area from unoccupied territory. These regulations were finally abolished when the Dawes Plan came into force in the autumn of 1924.

The Allies extended the occupation for a time in 1921 by occupying the important industrial cities of Ruhrort, Duisburg and Düsseldorf as a reprisal because of German failure to comply with Allied demands at the London conference of February and March 1921. The occupation of these three cities lasted from March until October 1921.

#### THE OCCUPATION OF THE RUHR

During the year 1922, French public opinion became more and more restive and demanded action to force Germany to pay reparation; M. Poincaré became Prime Minister of France in January 1922 and insisted that force was the only argument the Germans could appreciate. In Decem-

ber 1922 the Reparation Commission by a majority vote declared that the Reich was in default in the delivery of timber, coal and cattle in payment of reparation in kind. The British representative on the Reparation Commission voted against this declaration. As a result of the commis-

<sup>15.</sup> Allen, Henry T., op. cit., p. 319, et seq.

<sup>16.</sup> Strupp, Wörterbuch des Völkerrechts, Vol. II, p. 385.

sion's action, the French and Belgians occupied the Ruhr basin in January 1923. This occupation of the most important industrial area of Germany and the subsequent struggle between German passive resistance and the occupying forces, has been described as a "state of war without a military front."17

The first three years of the occupation of the Rhineland by the British, Belgian and American forces were relatively quiet. The occupation of the Ruhr by the French and Belgians in January 1923, and the consequent extension of the French and Belgian zones of occupation to include this territory, together with British non-cooperation in the Ruhr adventure and the German policy of passive resistance, however, greatly disturbed the relatively good relations which had obtained in the occupied area between the Germans and the inter-Allied authorities. A wave of unrest swept over Germany as a result of the Ruhr invasion and naturally the Rhinelanders were affected.

The Rhineland High Commission, by majority votes on February 2 and 26, 1923, decided to extend its jurisdiction over the newly occupied territory. On both occasions the British representative abstained from voting. The commission increased the stringency of its control over the entire area in spite of the continued adverse votes of the British representative, and thus tended to assimilate the status of the Rhineland proper with that of the Ruhr to form one province under Franco-Belgian The British contended that domination. the commission in so doing was exceeding its authority, and relations between Britain and France became rather strained. This Franco-Belgian policy was connected with the so-called "separatist movement" although the French and Belgians officially insisted that they were neutral in regard to that conflict. In spite of these protestations, the whole Rhineland occupation was given a marked political character by the events following upon the Ruhr invasion.

#### THE SEPARATIST MOVEMENT

The third source of complaint by the Germans against French policy in the occupied area was that they made and encouraged every effort to separate permanently the left bank of the Rhine from Germany. From 1920 on, the separatist movement in the Rhineland was active although it seems neither to have been representative of the local German population nor important in international affairs. However, during the Ruhr occupation, especially during the period of German passive resistance, the movement assumed much more serious form. This has been explained partly on the ground of the disorganization of the German administration due to the Ruhr struggle and partly because of the greater measure of support which was given to the movement at this time by the French representatives in the Rhineland. It does not fall within the scope of this report to describe the separatist movement which is now ancient his-Suffice it to say that the official attitude of the French Government was summed up toward the end of the controversy in the following message from M. Poincaré to the German Ambassador in Paris, dated February 21, 1924: "It is not for us to enter into discussions with the German Ambassador on the subject of the Separatist Movement in the Rhineland-a quarrel among Germans in which we have no desire to take part." In spite of the fact that this was all along the official attitude of Paris towards the matter, the French representatives in the Rhineland encouraged and aided the separatists with food, railway passes, and arms, even to the extent of protecting them against the German police. Furthermore, wholesale expulsions of German officials, especially in the Palatinate, by the separatists took place with French connivance.18

## FRANCO-BRITISH TENSION

The British zone has been described as an "oasis in a wilderness of trouble" during this period.19 Wholesale expulsions, shooting and great hardships attended the

<sup>17.</sup> From 80 to 85 per cent of Germany's coal and 80 per cent of her steel and pig-iron production are centered in the Ruhr, as well as 70 per cent of the goods and mineral traffic on her railways and 10 per cent of her population. Toynbee, A. J., Survey of International Afgirs, 1924, p. 287 et seq.

<sup>18.</sup> Toynbee, op. cit., 1925, p. 300-322. 19. Ibid., 1924, p. 279.

occupation of the other sections of the Rhineland. Martial law or special ordinances of the Rhineland High Commission of almost equal severity obtained throughout except in the Cologne area. Economic pressure, embargoes (especially on coal) and a Franco-Belgian customs cordon added to the misery which was intensified all over by the rapid fall of the mark in value. In the occupied territory with the exception of the British zone, the railways were operated during this period by a Franco-Belgian Railway Régie. In the British zone German operation of the railways continued, for had the British authorities allowed trains run by the Régie to cross the Cologne zone it would have compromised their neutrality in the Ruhr struggle. For a time there was no through service between the Ruhr and the French occupied sections of the Rhineland. compromise was finally arrived at but it was not until December 1923, almost a year after the Ruhr occupation began, that a provisional agreement was signed between the Régie and the British for coordination of traffic. The agreement with the British was not finally settled until February 1924, or almost five months after German passive resistance had ceased.

## EVACUATION OF THE RUHR

With the meeting of the London conference in July and August 1924, and the coming into force of the Dawes Plan, the reparation problem became less acute. This had an effect on the Rhineland question and notes exchanged between the Belgian, French and German Governments on August 16, 1924, the same date on which the London agreement was signed, stipulated that if Germany carried out the London agreement "in a spirit of loyalty and pacification," the evacuation of the Ruhr should take place not later than August 16, 1925. In the meantime the additional areas occupied in January 192420 were to be evacuated at once as a proof of French and Belgian good-will. This evacuation actually began on August 19, 1924 and was

With the coming into force of the Dawes Plan, there were many changes in the administration of the occupied territory. At the beginning of December 1924 the Rhineland High Commission announced a long list of relaxations, the enumeration of which gives an idea of conditions obtaining in the occupied territory before that time:

- "1. German laws and decrees would in the future 'in almost every case' be allowed to become operative in occupied territory at the same time as in other parts of Germany.
- "2. Persons whose expulsion had been decided on would in the future be told the ground on which the order of expulsion was made and would be heard by representatives of the High Commission.
- "3. The right of the High Commission to veto such appointments of German officials as it considered might imperil the safety of the Armies of Occupation would not in the future be exercised until the official concerned had been warned of the objection raised to his appointment and allowed to prepare a defense. The same principle would be applied in the case of dismissals of German officials.
- "4. Persons sentenced to imprisonment would not in future be removed from German territory to serve their sentences without a special order of the High Commission.
- "5. 6. 7. The Ordinance authorizing the military authorities to prosecute tradesmen for making excessive profits, that allowing the occupying authorities to interfere in certain affairs of insurance companies, and that prescribing private letter delivery companies would be cancelled.
- "8. Formal reports of cases in the German Courts would not in future be called for from the German judicial authorities.
- "9. The Rhineland High Commission would instruct its local representatives to give the most favorable consideration possible to applications for permission to display flags at religious and national festivals and at sports meetings.
- "It was also announced that the Rhineland High Commission was considering further relaxations concerning the restrictions on the Press and the protection of the liberty of individuals."<sup>21</sup>

completed November 17, 1924. On July 31, 1925 the evacuation of the Ruhr was completed, and on August 25, 1925 Düsseldorf, Duisburg and Ruhrort were again relieved of occupation.

<sup>20.</sup> Essen, Dortmund and Bochum in the Ruhr had been occupied in reprisal of stoppage of coal deliveries.

<sup>21.</sup> Toynbee, op. cit., 1924, p. 389.

#### EVACUATION OF THE FIRST ZONE

According to the Versailles Treaty, the first or Cologne zone of the Rhineland was due to be evacuated on January 10, 1925 if Germany had fulfilled her obligations under the treaty. Partly because the French were still in the Ruhr early in 1925 and partly because the Inter-Allied Military Control Commission stated that Germany had not carried out certain disarmament requirements of the treaty, the British did not evacuate Cologne in January 1925 as the Germans had expected.

The fact that the Cologne zone would not be evacuated on January 10 was communicated to the German Government in a note from the Conference of Ambassadors on January 5, 1925, listing specific defaults in carrying out the disarmament obligations with which the Reich was charged and which the note stated could not possibly be fulfilled by January 10. The Inter-Allied Military Control Commission had not as vet made its report on German disarmament and the Reich Government replied to the Allies that the prolongation of the occupation "over the time set by the treaty," was creating a very grave situation. Furthermore, as soon as the details of Germany's alleged defaults were presented, the Reich would reply to them point by point, but "the attempt to justify the delay in evacuation of the northern Rhineland zone by the state of Germany's disarmament can be considered at once as mistaken," for no defaults of Germany could be commensurate with the severity of the measure.

Throughout Germany feeling was intense. Protest meetings were held and sentiment ran high. It has since become known that Dr. Stresemann's famous offer of a Rhineland guarantee pact, which was eventually made on February 9, 1925 and of which Locarno is the direct result, was partly motivated by the Allied action in regard to the Cologne zone.<sup>22</sup>

It was not until February 17, 1925 that the report of the Inter-Allied Military Control Commission was made, and in the meantime interchanges of notes between the Allies and Germany had continued with no result. The whole problem of Rhineland evacuation and in particular of the Cologne zone is from this point intimately bound up with the pre-Locarno negotiations. France felt that the evacuation of the Cologne bridgehead would menace her security; Britain made evacuation dependent only on German fulfillment of disarmament obligations. French fears for her security were only allayed by the conclusion of the Locarno security agreement in October 1925 in which Germany and France promised not attack one another and Britain and Italy guaranteed Germany's western frontier as established by the Versailles Treaty.<sup>23</sup>

## DEMANDS FOR GERMAN DISARMAMENT

In the meantime, on June 4, 1925, the Conference of Ambassadors presented a disarmament note to Berlin,24 pointing out in great detail her military defaults and stating that "it now rests with the German Government themselves to create the conditions in which evacuation can speedily be effected." The note says further that the Reparation Commission had reported that "Germany is at the present moment faithfully fulfilling her reparation obligations as they are at present fixed," and that the Allied Governments were therefore prepared "to order the evacuation of the first zone of occupation so soon as the breaches of the treaty enumerated in Part III of the attached memorandum have been made good." Answering the German charge that continued occupation of the Cologne zone after January 10, 1925 "constituted a measure of reprisal," the Allied note stated that this allegation was based on a "complete misapprehension of the bearing of Articles 428 and 429 of the treaty." It was for the German Government "by faithfully fulfilling their obligations to earn the benefit of the evacuation of the first zone of occupation, as provided by Article 429." Thus the Allies stood firm on what they considered their legal rights and the note made no mention of the security negotiations then in progress. These negotiations continued throughout the summer and the Reich made no reply

<sup>22.</sup> Cf. Toynbee, op. cit., 1925, p. 16-17; the text of the German note of February 9, 1925 has been published as a British White Paper, Cmd. 2435.

<sup>23.</sup> Cf. p. 4, footnote 6. 24. The note has been published as a British White Paper, Cmd. 2429.

to the note of June 4 until October 23. In the meantime a German Aide-Mémoire of September 26, 1925, accompanying the German note of that date which accepted the invitation to the Locarno Conference, stated:

"... the understanding and the reconciliation which are the objects in view, would be prejudiced if before the entry of Germany into the League of Nations and before the conclusion of the Security Pact it were found impossible to dispose of a dispute which still separates Germany from the Allies. The dispute referred to is that about the evacuation of the North Rhenish zone and the final settlement of the disarmament question."

The British reply of September 29 stated that the date of evacuation of the Cologne zone depended "solely on the fulfillment of Germany's disarmament obligations, and that His Majesty's Government will welcome the performance of these obligations as permitting the Allies at once to evacuate the northern zone." The Belgian and French replies were couched in more or less similar terms.

## THE LOCARNO CONFERENCE

The Locarno Conference met on October 5, 1925, the treaties were initialed on October 16, and it was decided that formal signature would take place in London on December 1. Between these dates important developments took place in regard to the evacuation of the Cologne zone of the Rhineland. It was generally felt that German irritation over the failure of the Allies to evacuate the Cologne zone had been one of the most difficult obstacles to overcome at Locarno. As early as October 16 the German Government issued a semi-official communiqué designed to create an atmosphere in Germany favorable to the Locarno treaties, which indicated among other things that as a result of Germany's signature concessions might be obtained in regard to the Rhineland occupation. Non-Nationalist opinion in Germany was on the whole enthusiastic about the Locarno settlement, but the Nationalist members of the Cabinet resigned because the pact "was inacceptable to the Party." Feeling in many circles-notably among the Rhineland representatives and members of the Catholic Center party and the People's party—was in favor of accepting the pact on condition that concessions be granted in the occupied territory. When it became known that the Allies were prepared to grant such concessions, the internal situation in Germany became less tense.

On October 23, 1925 the German Ambassador in Paris transmitted a note from his government to the Ambassadors' Conference which was the formal answer of the Reich to the Allied note of June 4. The German note enumerated the disarmament obligations which had already been complied with by the Reich before the receipt of the Allied note of June 4 and listed the further demands which had either been completely met or were in final process of completion. as well as certain other points which necessitated a longer period to carry out. These, the note stated, were also well under way. A small number of moot questions remained to be settled, and the Reich Government suggested a discussion with the Allied representatives with a view to finding a solution satisfactory to all. The tone of the note was conciliatory. Marshal Foch informed the Allies that he was of the opinion that Germany had made real efforts to carry out her disarmament obligations although there were some important questions which must still be settled. As a result, the Allies replied to Germany on November 6, 1925, stating that they had "been happy to note the effort made by the German Government to conform to the demands made by the Allied Governments in their note of 4th June; in particular they have observed with satisfaction that, with the exception of a few points still to be verified by the Commission of Control, the information received from the latter relative to that part of the programme entirely executed agrees with the statements made in list Number 1 annexed to the aforementioned German note." Furthermore. the Allied note asked for German proposals on certain disputed points and expressed the hope that after hearing these suggestions. they would be able to set the date for evacuation of the Cologne zone of the Rhineland. The note specified December 1 as the date on which the Allies would like to start the evacuation.25

<sup>25.</sup> The texts of this correspondence between the Allies and Germany have been published as a British White Paper, Cmd. 2527.

At about the same time it was reported that the Allies had reached an agreement among themselves in regard to ameliorations to be introduced into the occupation régime in the Rhineland. On November 14 the Conference of Ambassadors informed Berlin that, animated by the Locarno spirit, the occupying powers had "decided to introduce into the occupation all the alleviations compatible with the Treaty of Versailles." These comprised approval of a German commissioner for the Rhineland and assurances of large grants of amnesty, the considerable reduction of the number of troops of occupation and facilitation of the free exercise of the German administration in the occupied territory. The new German commissioner, Baron Langwerth von Simmern. former German Ambassador in Madrid, took up his duties on December 23, 1925.

Some further negotiations took place between the Allies and Germany in regard to specific disarmament points, and finally, in a verbal declaration, the Allies "decided to fix the beginning of the evacuation of the Cologne zone for the 1st December." The regrouping of the forces of occupation was undertaken at once and the first detachment of British troops left Cologne on November 30, 1925, while the official evacuation began on the next day, December 1. On December 30 the British Army of the Rhine took over officially the administration of the Wiesbaden zone from the French. The Belgian occupation of the northern zone was terminated on January 29, 1926, while on January 30 the last of the British troops left Cologne. On the same date the French evacuated Bonn. The evacuation of the northern Rhineland zone was officially completed at midnight on the 31st of January 1926.

## GERMANY ADMITTED TO THE LEAGUE

On September 10, 1926 Germany was admitted to the League of Nations with a permanent seat on the Council. On September 16, 1926 there occurred the famous Thoiry luncheon between Briand and Stresemann when the first suggestion of Germany's "buying" the Allied troops out of the Rhineland seems to have been made. It will be recalled that the Thoiry project called for the sale of a portion of the German railway bonds, the proceeds of which were to go to France and Belgium in return for evacuation of the Rhineland. The scheme did not come to fruition but the idea of commercialization of reparation in return for evacuation is still in the air.

The Inter-Allied Military Control Commission was withdrawn from Germany on January 31, 1927, pursuant to a decision of the Locarno powers made on December 12, 1926. The control of German disarmament has been vested in the League Council in accordance with Article 213 of the Versailles Treaty. The withdrawal of the Inter-Allied Commission thus officially recognizes that Germany is living up to her disarmament obligations under the treaty.

### DEBATE ON RHINELAND EVACUATION

Evacuation of the Rhineland has been the subject of many speeches in Germany, France, Britain and Belgium and recently the French allies, Poland and Czechoslovakia, have added their voices to the chorus. The German demand for early evacuation has been based primarily on legal grounds. The Reich declares that under the terms of the treaty and of the subsequent declaration of Wilson, Clemenceau and Lloyd George<sup>26</sup> she was promised that if she had fulfilled all her obligations under the Versailles Treaty before the end of fifteen years, the Rhineland would not be occupied for the full term.

Furthermore, the declaration states that the Allies did not insist on making the period of occupation last until the reparation clauses were completely executed. Germany claims that she is fully carrying out her obligations under the treaty both in reparation payments and in the disarmament clauses. It is now the turn of the Allies, declares Germany, to live up to their side of the agreement and withdraw their troops from German soil. In an interview on Christmas Day 1928 with the Berlin representative of the Baltimore Sun, Dr. Stresemann gave a clear statement of the German legal thesis. He pointed out that Article 431

of the treaty is worded, if Germany complies with her obligations before 1935, not has complied, the occupying forces will be withdrawn. As to early evacuation being dependent on Germany's liquidation of her total reparation debt before 1935, the Foreign Minister said:

"To do so would make Article 431 senseless. At the peace negotiations nobody seriously considered Germany could pay the total reparation imposed before 1935. This is demonstrated by the treaty itself specifying a period of thirty years for payment, with provisions for further time extensions."

Besides the legal argument, the Germans maintain that the presence of foreign troops is completely anomalous in view of the fact that the Reich is a Member of the League with a permanent seat on the Council. Moreover, the presence of military tribunals and troops on German territory is looked upon as a grave infringement of German sovereignty, while the occupation is said to cause hardships to the Rhineland because it intensifies the chronic housing shortage and because of the impossibility of avoiding occasional clashes between the forces of occupation and the native population.

## THE GERMAN VIEWPOINT

The German viewpoint is well summarized in a speech made in the Reichstag on November 19, 1928 by Foreign Minister Stresemann. He said in part:

"It was a great disappointment to the German people that the discussions in Geneva did not result in success for us. Our opponents maintained a thesis which we could not recognize as legal and which from the political standpoint is contrary to the common interests of the peoples concerned. Germany will continue to maintain that it is entitled to prompt evacuation of the entire occupied territory and that this right is not dependent upon the solution of other problems or on conditions of any other sort. Germany is being legally wronged as long as this claim is not met. We cannot therefore consider assuming, in return for evacuation, any political obligations extending beyond the period of evacuation stipulated in the treaty. Nor can we purchase evacuation with financial compensations."27

Presumably Dr. Stresemann refers to the setting up of any sort of international control of the Rhineland after 1935, which the

Germans strenuously oppose. This question will doubtless be considered by the Commision of Verification and Conciliation when it is finally constituted.

## THE FRENCH VIEWPOINT

France on the other hand argues that Germany will not have complied with the peace treaty until she has accepted a definitive reparation settlement and that until such an agreement is reached, the Allied troops should remain on the Rhine. France -and Belgium, Poland and Czechoslavakia, as well-regard the occupation as a pledge guaranteeing Germany's fulfillment of the peace treaty. "Good (cash) reckonings make good friends," says a French proverb,28 which has been suggested as a preamble to the Rhineland discussions.29 Furthermore. from the military standpoint evacuation would mean the abandonment of an effectual guarantee against eventual German aggression. In spite of the guarantee provisions of the Locarno Rhineland pact and the demilitarization of the Rhineland by the Versailles Treaty itself, at least a portion of French opinion believes that Germany is plotting a war of revenge against France and that the French watch on the Rhine is essential to their security. They insist as well that after eventual evacuation there must be some sort of permanent control of the demilitarized zone of the Rhineland.

The French struggle for security has dominated much of the history of the last decade. A strong section of French opinion, led by Marshal Foch, demanded at the Peace Conference that Germany's western frontier be fixed at the Rhine and that German territory west of the Rhine (with the exception of Alsace-Lorraine and the Saar which were to be annexed to France) should be detached from the Reich and made into an autonomous, neutral State under Belgian and French military suzerainty.<sup>30</sup>

The primary basis of this French demand was her overwhelming desire for security against Germany and her fear of her neighbor across the Rhine. The Rhineland provinces comprise one of the most highly in-

Wladimir d'Ormesson.
30. A Russo-French secret treaty of March 11, 1917 had provided for such a settlement in Western Europe.

<sup>27.</sup> Frankfurter Zeitung, Zweites Morgenblatt, November 20, 1928.

<sup>28. &</sup>quot;Les bons comptes font des bons amis."
29. Cf. L'Europe Nouvelle, September 8, 1928, p. 1219;
"L'Evacuation rhénanie et le règlement des réparations," by
Wladimir d'Ormesson.

dustrialized and richest sections of the Reich and their loss would have greatly crippled German war potentiality. During the Ruhr occupation it was charged that the underlying basis of French policy was the desire to separate the Ruhr and Rhineland from Germany and thus permanently cripple the ancient enemy of France. A report made to M. Poincaré in May 1922, before the occupation of the Ruhr, by a M. Dariac gave color to these charges.31 M. Dariac had been sent by M. Poincaré as a commissioner to investigate the economics and industry of the Rhine provinces and reported that France by her occupation of this entire area would be in possession of a pledge of the "first importance for the recovery of the sums which Germany has undertaken to pay." He reported that the German industrialists alone are able to pay and pointed out how easily industry in that highly organized area could be disorganized. Furthermore, the report suggested that the entire Rhineland, including the Ruhr, be separated by degrees from Germany and placed under French and Belgian military guardianship as an autonomous province. While the Ruhr spirit in France seems now for the most part to have been replaced by the spirit of Locarno, there are still extremists who argue that it would be the height of folly for France to evacuate the Rhineland. And a large section of less extreme opinion maintains that in the event of evacuation France could not be sure that Germany would fulfill her obligations under the Dawes Plan, and that the occupation is the one remaining hold which France has over Germany. Furthermore, the occupation is regarded as insurance against the union of Austria and Germany,32 which French conservatives at least regard as a grave danger. occupation, they feel, also acts as a restraining influence on the German nationalists. And finally, if the Rhineland must be evacuated in 1935, at least the French must have the remaining six years to build up their army and strengthen their frontier fortifications in the north and northeast.33

Poland, too, wants the Rhine occupation maintained. On December 15, 1928 the Foreign Affairs Committee of the Polish Sejm adopted a motion stressing the necessity of continued occupation until Poland receives a sort of Locarno guarantee of the German-Polish frontier. The Poles are fearful of what they term the "imperialistic spirit in Germany," notably because of the Reich's well-known dissatisfaction with its eastern frontiers. They fear that once the Rhineland is free, Germany will turn her attention to revision of the present status of the so-called "Polish Corridor," Danzig and Upper Silesian settlements.

The British are adamant against guaranteeing the eastern frontiers as they have the western, and French Socialists are beginning to inquire whether the French Government is committed to stay in the Rhineland until Poland attains this guarantee.<sup>35</sup>

Czechoslovakia, too, is concerned in the evacuation question, her chief interest being the Anschluss problem. Dr. Benes visited Paris in December and much discussion in the press ensued regarding the threat of war because of Anschluss agitation. All the new countries created by the Paris peace settlements are anxious that nothing be done which might disturb the status quo, at least until they have had time to consolidate their positions and establish themselves securely. The eastern frontiers and the Anschluss are very real problems to Poland and Czechoslovakia.

#### THE BRITISH VIEWPOINT

The official British view of evacuation, was stated by Sir Austen Chamberlain in the House of Commons on December 3, 1928. He said that Germany had no legal right to demand freedom of the Rhineland until she had executed not merely her current reparation obligations but the whole of them. The Foreign Secretary added that this was the strict legal interpretation and that as a matter of policy the British Government would welcome early evacuation. His statement raised a storm of protest in Britain.

After reviewing the history of the ten

<sup>31.</sup> Published in the Manchester Guardian, November 2, 1922, p. 9-10; a supplementary Darlac report dealing with the Saar was published in the Manchester Guardian, March 6, 1923.

<sup>32.</sup> Cf. F. P. A. Information Service, Vol. III, No. 20, "The Problem of an Austro-German Union."

<sup>33.</sup> Cf. General Mordacq, L'Evacuation de la Rhénanie, passim.

<sup>34.</sup> New York Times, December 16, 1928. 35. Manchester Guardian Weekly, December 21, 1928, p. 488.

years of Rhineland occupation, one cannot but be struck by the difference in the spirit in which the present agitation for evacuation and for what M. Briand has aptly called "the final liquidation of the war" are going forward. With the exception of some extremists, there seems to be little sentiment for holding the Coblenz zone after 1930—quite a different state of affairs than obtained at the time of the evacuation of the Cologne zone which was delayed for almost a year after the time specified in the peace treaty.

The French delegation to the Brussels meeting of the Socialist International, held in August 1928, was instructed to vote for immediate and unconditional evacuation. At the opening session of the International, on August 5, M. Vandervelde of Belgium in his keynote address demanded evacuation, and

M. Leon Blum, the French Socialist leader. in a speech at a banquet of the Belgian workers' party, said: "We have sought to find what measures should be taken concomitant with evacuation in order to facilitate it and make of it the greatest aid to Such measures must without a doubt be in the direction of mutual and international control as a prelude and a decov for universal control of disarmament." These ideas were echoed a few days later by the German delegates who reminded the congress of the resolutions adopted in 1926 by the League Council in regard to the exercise of the right of investigation of German disarmament which envisaged a special convention controlling the demilitarized Rhineland.36

## APPENDIX I TOTAL TROOPS IN THE RHINELAND

September 15, 1922	147,6651
Spring of 1924	200.0001
September 15, 1928	,
-	

<sup>1.</sup> Politischer Almanach, 1925, p. 414.

## FRENCH AND BRITISH TROOPS IN THE RHINELAND

Y ear	French		British
1920	88,5501	no	figures
1921	88,0421	no	figures
1922	$90,419^{1}$	***************************************	$.10,310^{1}$
1923	148,6042	***************************************	.10,2073
1924	103,5522	***************************************	.10,1923
1925	68,9782	***************************************	. 9,0863
1926	60,7532	***************************************	. 8,5493
1928	54,6394		. 6,7604

<sup>1.</sup> Politischer Almanach, 1925, p. 414.

#### APPENDIX II

## COST OF RHINELAND OCCUPATION SINCE THE COMING INTO FORCE OF

Annuity Year					Total			
1st	Sept. 1,	1924—August	31.	$1925^{1}$		200.180.407.28	blog	marks
2nd	Sept. 1,	1925—August	31,	$1926^{2}$	***************************************			66
3rd	Sept. 1,	1926—August	31,	$1927^{3}$		76,362,276,78	66	66
4th	Sept. 1,	1927—August	31,	19284	***************************************	67,756,449.67	46	66

<sup>1.</sup> Report of the Agent General for Reparation Payments, First Annuity Year, p. 214-15.

<sup>36.</sup> Cf. L'Europe Nouvelle, August 18, 1928, p. 1112; Third Congress of the Labour and Socialist International, Vol. III, Proceedings of Congress, 1928, Part VII, p. 7; p. 53 et seq.

<sup>2.</sup> From the German Ministry for Occupied Territories.

<sup>2.</sup> League of Nations Armaments Year Book, 1924, p. 442-43; 1925, p. 554-55; 1926, p. 445; 1927, p. 437.

<sup>3.</sup> Ibid., 1924, p. 97; 1925, p. 135; 1926, p. 106; 1927, p. 110.

<sup>4.</sup> From the German Ministry for Occupied Territories.

<sup>2.</sup> Ibid., Second Annuity Year, p. 115-19.

<sup>3.</sup> Ibid., Third Annuity Year, p. 325-29.

<sup>4.</sup> Ibid., December 22, 1928, p. 177-81. (Germany owes Belgium an additional 179,257.58 gold marks on this account.)

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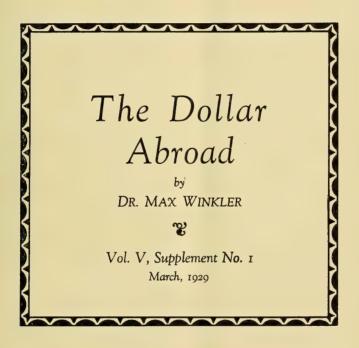
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## THE DOLLAR ABROAD

by
DR. MAX WINKLER
Vice-President, Bertron, Griscom & Co., Inc.

## INTRODUCTION

The amount of American capital invested abroad in 1928 established a new high record. Although publicly offered issues show an appreciable decline as compared with 1927, the total foreign financing effected here during the past year exceeded the figures for preceding years. As in previous compilations prepared by the author, the 1928 study includes the public sale of foreign securities in the American markets; the purchase by Americans of foreign internal issues, both stocks and bonds; the acquisition of foreign properties without involving the direct sale of securities; and the extension to foreign borrowers of advances or credits of not less than one year's duration. We are thus lending abroad at the rate of \$2,000,000,000 a year and our foreign investments are increasing at the annual rate of about \$1,000,000,000 to \$1,500,000,000.

In the course of the year which has just come to a close, the indirect purchase through the medium of investment trusts and investment companies of foreign issues and indirect investments abroad seems to have assumed an especially significant aspect. The fact that these items, together with so-called indirect foreign investments, are generally not included in similar compilations of American foreign investments accounts for the higher figure obtained by the writer.

There are many who remind us of the dangers of continuing to pile up investments in foreign countries. We must not lose sight of the fact, however, that prior to the World War, Great Britain's foreign investments aggregated about \$20,000,000,000; that those of France totalled about \$10,000,000,000 and that those of Germany amounted to about \$5,000,000,000. We should further re-

call that England's pre-war investments abroad increased by about \$900,000,000 a year, those of France by about \$400,000,000 and those of Germany by about \$300,000,000. Taking into account the changes in the purchasing power of the dollar which have taken place in the last decade and a half, our foreign lending is not so alarmingly large as some people are inclined to believe.

Our annual lendings abroad aggregating less than \$17 per capita compare with an estimated per capita wealth of the United States of \$3,200; with an estimated annual income of \$750 per capita; with annual per capita savings of \$167; with our yearly commerce of \$100 per capita; and with annual revenue of the United States Government of about \$33 per capita.

The phrase "export of capital" if properly understood and sanely interpreted should occasion little if any criticism on the part of those who feel that "a dollar lent to Europe is a dollar lost to America." Our investing public who have been and still are purchasing foreign government, state, city and corporation obligations, receive securities in exchange for the capital which they supply. On the other hand, the foreign borrower does not ordinarily import American dollars. The credits which they obtain are usually employed in the purchase of raw materials or manufactured goods which they do not produce and which they use in the exploitation of their natural wealth. To be sure, money borrowed abroad is often diverted into other channels, such as the equipping of armies and navies. Such loans, however, should not be encouraged and it is incumbent upon the American banker or underwriter of foreign loans to see to it that funds supplied by American investors should as far as possible be employed productively. The loan which is used for productive purposes will benefit not only the borrower but the lender as well.

It is more than a mere coincidence that American investments abroad, both political and commercial, made during the period 1914-1928, almost exactly correspond to the aggregate excess of our exports over imports for the same period. In other words, had we not invested abroad, we might not have been able to dispose of our surplus production, nor would the rest of the world have been able to pay for such a surplus.

#### FOREIGN INVESTMENTS AND PEACE

History, both ancient and modern, is replete with treaties and alliances entered into by two or more nations with a view to settling disputes and controversies without resorting to arms. We read of treaties in the Old Testament Scriptures. They are recorded on the monuments of Egypt and Assyria: and questions arising from them occupy much space in the works of Greek and Roman historians. Notwithstanding the solemn pledge on the part of the contracting powers to abide by the terms of the concluded pact, we encounter almost as many violations as there are treaties. Socalled political alliances have rarely if ever been of much avail unless they were accompanied or followed by commercial alliances, and upon careful analysis it will be discovered that financial and commercial interdependence has done far more for the maintenance of peace among nations than agreement or alliance, treaty or truce. Prior to the war, an officer of the Reichsbank, stated in an article published in the Bank Archiv: "Let us not forget that liquid investments . . . are the best protection against future war. We have, during a long period of peace, become accustomed to forget such a contingency." It is to the decided advantage of the creditor to remain on friendly terms with the debtor. In any event, the creditor is not especially eager, nor is he likely to provoke or antagonize those who are indebted to him. If France's billions prior to 1914 had been placed to a very considerable extent in Germany and a material part of Germany's foreign investments had been made in France, and if the same relationship had existed in respect to some of the other belligerents, it is reasonably certain that statesmen and politicians would have been reluctant to go to war. A foreign loan, if properly effected, may therefore be said to afford not only commercial gains but also political advantages.

A summary of our foreign investments made during 1928 is presented in Table I.

## SUMMARY OF FOREIGN INVESTMENTS IN 1928

Exclusive of investment companies which are understood to have employed considerable part of the funds derived from the sale of their securities, the net total invested abroad during 1928 amounted to \$2,026,671,810. If we include the amount invested abroad by investment trusts, the total of \$2,096,041,810 exceeds the 1927 total of \$2,071,954,000 by slightly more than 1 per cent.

Europe leads with a total of \$1,082,030,-350 or over 51 per cent of the total. Almost 36 per cent of the amount represents financing on behalf of German states, cities and corporations.

More than 74 per cent of the total European financing was in behalf of corporations, while about 89 per cent of the total German borrowing was of the same character.

South America ranks second with \$451,-743,060 or over 21 per cent of the total. Corporate financing and government, state and municipal issues are about evenly divided, representing 53 per cent and 47 per cent respectively.

Canada occupies third place with \$298,-185,000, of which \$61,728,000, or about 20 per cent, represents issues placed in behalf of Canadian provinces and municipalities,

TABLE I
FOREIGN FINANCING IN UNITED STATES DURING 1928

Region	$Amount \\ Issued$	Amount Refunded	Net Amount
EUROPE (excluding Germany):	138000	nej anaea	Zimounc
Governments, states and municipalities Corporations	\$258,300,000 466,561,600	\$ 21,500,000 9,760,000	\$236,800,000 456,801,600
TOTAL EUROPE (excluding Germany)	724,861,600	31,260,000	693,601,600
GERMANY:			
States and municipalities	61,250,000	20,000,000	41,250,000
Corporations	361,192,750	14,014,000	347,178,750
TOTAL GERMANY	422,442,750	34,014,000	388,428,750
TOTAL EUROPE:			
Governments, states and municipalities	319,550,000	41,500,000	278,050,000
Corporations	827,754,350	23,774,000	803,980,350
TOTAL EUROPE	1,147,304,350	65,274,000	1,082,030,350
CANADA:			
Provinces and municipalities	71,993,000	10,265,000	61,728,000
Corporations	287,457,000	51,000,000	236,457,000
TOTAL CANADA	359,450,000	61,265,000	298,185,000
SOUTH AMERICA:			
Governments, states and municipalities	366,777,000	125,875,000	240,902,000
Corporations	210,841,060		210,841,060
TOTAL SOUTH AMERICA	577,618,060	125,875,000	451,743,069
CENTRAL AMERICA (including Mexico, Cuba and West Indies):			
Governments and municipalities	29,150,000	6,218,900	22,931,100
Corporations	28,337,300	3,000,000	25,337,300
TOTAL CENTRAL AMERICA	57,487,300	9,218,900	48,268,400
AUSTRALASIA:			
Governments and municipalities	65,245,000		65,245,000
· Corporations	102,100,000	24,000,000	78,100,000
TOTAL AUSTRALASIA	167,345,000	24,000,000	143,345,000
MISCELLANEOUS:			
Investment companies	69,370,000		69,370,000
Others	3,100,000		3,100,000
TOTAL MISCELLANEOUS	72,470,000		72,470,000
TOTAL GOVERNMENTS, STATES AND MUNIC-			
IPALITIES	852,715,000	183,858,900	668,856,100
TOTAL CORPORATIONS	1,459,589,710	101,774,000	1,357,815,710
TOTAL INVESTMENT COMPANIES	69,370,000	• • • • • • • • • • • • • • • • • • • •	69,370,000
GRAND TOTAL	\$2,381,674,710	\$285,632,900	\$2,096,041,810

and the remainder corporate financing. It might perhaps be mentioned that the total of Canadian issues and advances placed and arranged in this market is materially in excess of the above figure, which has been arrived at after making proper allowance for resales in Canada and repurchases by Canadians.

The total floated during 1928 in behalf of Australasia, that is, Australia, Japan, China, etc., aggregates \$143,345,000, or almost 7 per cent. Corporate financing amounted to \$78,100,000, while the remainder represented financing for or advances to governments and municipalities.

Uncertain conditions in Central American republics aggravated by the situation in Nicaragua and Mexico account for the relatively small amount of Central American financing arranged in the United States during the past year. Of a total of \$48,268,400 more than 47 per cent represents gov-

ernment financing, the remainder constituting corporate loans and the purchase of properties by American interests.

A very interesting feature of America's foreign investments during 1928 is the fact that, without exception, corporate financing exceeds in each case the amount placed or underwritten in behalf of foreign governments, states and municipalities. Almost two-thirds of the total represents corporation issues, and it would seem that future foreign financing will display the same characteristics.

America's total foreign investments have also reached a new high figure, amounting at the end of 1928 to \$15,601,000,000, as compared with \$14,500,000,000 at the end of 1927, and with \$2,625,000,000 prior to the war. The present total, high though it may appear, is still about \$4,000,000,000 below Great Britain's foreign investments in 1913. Our foreign investments are distributed as follows:

TABLE II

#### AMERICA'S FOREIGN INVESTMENTS

(In thousands of dollars)

Region	1928	1927	1913
Europe	\$4,798,000	\$4,327,000	\$350,000
Canada	4,120,000	3,922,000	750,000
South America	2,513,000	2,246,500	100,000
Central America (including Cuba, Mexico and West Indies)	2,954,000	2,914,600	1,200,000
Australasia	841,000	726,500	175,000
Miscellaneous	375,000	363,400	50,000
TOTAL	\$15,601,000	\$14,500,000	\$2,625,000

#### TABLE III

# **AMERICAN FOREIGN INVESTMENTS IN 1928**

## A - EUROPE (excepting Germany)

I—G	OVERNMENTS, STATE	S AND MUNICIPALIT	IES		
Yield	Issue		Price	Amount	Refunding
5.17	Akershus, (Norway)	5s, 1963	971/4	\$8,000,000	
5.40	Antwerp	5s, 1958	94	10,000,000	
7.75	Bulgaria	7½s, 1968	97	13,000,000	
4.88	Copenhagen	4½s, 1953	94 1/2	12,000,000	12,000,000
5.27	Danish Consolidated.	Municipal 5s, 1953.	961/4	2,000,000	1,000,000
4.80	Denmark	4½s, 1962	95	55,000,000	
	Denmark	5s, 1963		8,000,000	
5.50	Danish Producers				
	Loan Fund	5s, 1931-42	95%-98%	2,500,000	
6.22	Finland	5½s, 1958	921/2	15,000,000	
5.50	French Republic	5s, 2003	36	3,000,000	
	Genoa	5% notes		8,500,000	8,500,000
	Great Britain &				
	Northern Ireland .	5s, 1929-1947		10,000,000	
4.40	Great Britain and				
	Northern Ireland .	Funding 4s, 1990		14,000,000	
6.65	Greek	Government 6s	91	17,000,000	
5.15	Norway	5s, 1953	971/2	30,000,000	
	Russia			600,0001	
7.94	Silesia	7s, 1958	891/4	11,200,000	
	Spain, Kingdom of.		[ ]	25,000,0002	
6.75	Upper Austria	6s, 1930	981/2	3,500,000	
	Valencia (Spain)3.				
7.95	Warsaw	7s, 1958	89	10,000,000	
	TOTAL		\$	258,300,000	\$21,500,000

# A - EUROPE (excepting Germany)

II—CO	DRPORATIONS			
Yield	Issue	Price	Amount	Refunding
	"Alföld" Electricity Supply Co.4		\$500,000	
	Amerispana Petroleum Co.5		900,000	
	Ameritalia		10,500,0006	
	"Arbed" (Luxembourg)	348	11,832,000	
6.00	Associated Portland Cement Mfg., Ltd.			
	(shares)		500,000	
	Associated Rayon Corp	105	21,000,000	
4.35	Banca Commerciale Italiana	$72\frac{1}{2}$	9,062,5007	
	Banque Thalmann (France)		400,000	
	Bohemian Discount Bank (shares) 8		300,000	
	British Celanese, Ltd		2,000,000	

- 1. Amount involved in agreement with Russian Government radio interests.
- 2. Represents one-half of bank credit arranged for Bank of Spain.
- 3. Rotary automatic telephone system installed by Spanish National Telephone Company, subsidiary of International Telephone & Telegraph Company. Amount involved not stated.
  - 4. Formed by German, Hungarian and American interests to electrify the Great Hungarian Plain.
  - 5. Capitalization increased from \$100,000 to \$1,000,000.
  - 6. Represents initial capital of company formed with 200,000,000 lire capitalization.
- 7. Represents price of 125,000 American shares, one American share being issued against one share of 500 lire par value.
  - 8. Cost of 25,000 shares acquired by American interests.

Yield	Issue	Price	Amount	Refunding
	British International Film, Ltd		3,000,0009	
7.60	British & Hungarian Banks 71/2s, 1962	98%	1,500,000	
	Banque Chrissoveloni <sup>10</sup>	4.50	225,000	
	Banque Oustric <sup>11</sup>		1,600,000	
	British-Tintex-Dye Products, Ltd		250,000	
	British Timken, Ltd		225,000	
	Bulgarian Mortgage Bank		960,000	
	Belgian National Rys., 6% Pfd	851/2	4,275,000	
6.70	Bank of Silesian Landowners Assn., 6s, 1947	921/2	6,000,000	
	Branston Artificial Silk Co., Ltd., of Eng.12	1	1,100,000	
	Carreras, Ltd. (shares)		500,000	
	Central University (Spain)		2,100,000	
	Constantinople Harbor Concession		100,000	
7.50	City Savings Bank Co. (Budapest) 7s, 1953	93 %	1,750,000	
	Credit Development Co		\$1,200,00013	
	Continental Photomaton Co.14		1,000,000	
	Company for the Development of Sales on			
	Credit (France) 15		1,200,000	
7.00	City Savings Bank Co. (Hungary)	55	1,100,000	
4.25-	Catholic Bishop of Chicago 4 1/4 s-5s, 1929-			
4.95	1948		1,500,000	
6.73	Crosse and Blackwell, Inc.	52	2,704,000	
	Columbia Graphophone Co., Ltd		5,000,000	
	Copenhagen Privatbank		4,000,00016	
	Dutch Industrial Discount Co., 6 1/2 % Pfd		1,800,00017	
	Duccio Paintings <sup>18</sup>		1,200,000	
	Debenhams Securities (shares)	511/2	4,377,500	
	Electric Telephone Ind. Co. (Italy)	6.95	3,475,000	
	Elders & Fyffes <sup>19</sup>			
	European Mortgage & Inv. Co. 7s, 1968	96	6,000,000	
	Ercole Marelli Electric Co. 6½s, 195320	97	2,500,000	
	Ercole Marelli Electric Co. (shares)	7	700,000	
6.40	Finland Residential Mtge. Bank 6s, 1961	$94\frac{1}{2}$	10,000,000	
	Franco-American Electric Co.21		2,000,000	
	Ford Motor Co., Ltd. <sup>22</sup>		25,000,000	
	French Elec. Apparatus Merchandising Co.23		2,000,000	
	French Line (shares)	71	6,212,500	

<sup>9.</sup> Estimated cost of year's output sold to American interests.

<sup>10.</sup> American share in increase in Bank's capital by 100,000,000 lei.

<sup>11.</sup> Represents acquisition of substantial block of shares in bank in connection with its increase in capital from Fcs, 60,000,000 to Fcs, 100,000,000.

<sup>12.</sup> Purchase by American interests of 1,000,000 deferred shares of 4 shillings par.

<sup>13.</sup> Estimated amount invested in Société pour le Développement de la Vente à Crédit formed with Fcs. 50,000,000 capitalization.

<sup>14.</sup> Formed with Fcs. 52,000,000 capital to exploit company's patents in 16 countries. Amount stated represents estimated American share.

<sup>15.</sup> Represents increase in capitalization of Société de Crédit à l'Industrie Automobile from Fcs. 20,000,000 previously held by French interests to Fcs. 50,000,000 largely with aid of American capital.

<sup>16.</sup> Represents amount of Kr. 15,000,000 reported to have been contributed by American interests to reconstruct bank.

<sup>17.</sup> Represents extent to which American capital participated.

<sup>18.</sup> Acquired by American interests from British owners.

<sup>19.</sup> Construction of three fruit ships by British subsidiary of American concern. Amount involved not stated.

<sup>20.</sup> Offered with detachable warrants entitling holder of \$1,000 bonds to purchase 40 shares of common at prices varying from \$8 to \$10 a share.

<sup>21.</sup> Formed by French-American interests with capitalization of Fcs. 50,000,000.

<sup>22.</sup> Formed to acquire entire assets of subsidiary companies in Europe.

<sup>23.</sup> Together with Europeans, American interests organized a new French electrical apparatus merchandizing company capitalized at Fcs. 400,000,000.

Yield	Issue	Price	Amount	Refunding
	French Line <sup>24</sup>	36	1,458,000	
	General Electric Co., Ltd. (England)		500,000	
	General Motor Co. (Poland) 25		100,000	
	Greater London & Counties Trust		7,000,000	
	Greek-British-American Trust Co.26		\$1,500,000	
7.50	Hungarian Industrial Mortgage Ins. 7s, 1948	94 3/4	5,000,000	
	Hungarian Banks, 2-year credit		5,000,000	
7.60	Hungarian Farmers National Mortgage Ins.			
	7s, 1963	$92\frac{1}{2}$	2,000,000	
7.35	Hungarian Discount & Exchange Bank 7s,			
	1963	$95\frac{1}{2}$	3,400,000	
7.50	Hungarian Land Mortgage Inst. 7½s, 1961		3,000,000	
	Hungarian General Savings Bank (shares) .	15.49	1,858,600	
7.35	Hungarian Protestant Central Credit Union			
	7s, 1963		5,000,00027	
7.60	Hungarian Italian Bank 7½s, 1963	98 ¾	2,700,000	
	International Marble Co.28		500,000	
6.00	Italian Superpower 6s, 1963	100	20,250,000	
	Issota Fraschini (stock purchase rights)		1,750,000	
	Issota Fraschini (stock purchase rights)		1,575,000	
	Italian Finance Co.29		15,000,000	
7.00	International Oxygen Co. 7% Pfd	100	250,000	
	International Credit Securities Corp.			
	(Zurich) <sup>30</sup>		205,000	
	Ireland Corp. of America (shares)	25	875,000	
	Jugo-Slavia Match Monopoly 6 1/4 s31	91	26,250,000	
	Kuhlmann Chemical Co. (shares)	40	2,000,000	
4.75	Kreuger & Toll Part, Deb. 32	28.14	63,315,000	
	Lena Goldfields (Russia) 33		2,500,000	
	Lombard Electric 7s	0.50	4,000,000	
	La Lasine International, Inc.34	6.50	1,300,000	
	London Finance Co. 35		5,100,000	
	Madrid-Pasajes-Irun Highway <sup>26</sup>		5,000,000	
	Mercurbank (shares)		630,000	
	Metropolitan Vickers Elec. Prod. Co		\$12,500,000 500,000	
	Naples-Rome Telephone Cable <sup>37</sup>		2,800,000	
	Netherlands Credit & Financing Co.38		2,000,000	

<sup>24.</sup> Increase in capitalization by 108,334 shares of "B" stock of Fcs. 600 par value to stockholders at Fcs. 900, on basis of 45 per cent of holdings.

<sup>25.</sup> Erection of factory in Poland.

<sup>26</sup>. Formed with capitalization of 200,000 shares of 45 par. Amount stated represents estimated American share.

<sup>27.</sup> Issue has not been offered publicly although it is understood to have been purchased by bankers.

<sup>28.</sup> Organized with capitalization of 200,000 shares of no par value to acquire productive marble properties in Italy.

<sup>29.</sup> Formed with capitalization of 500,000,000 lire to finance industrial and commercial enterprises in Italy. Capital furnished by American and Italian interests.

<sup>30.</sup> Formed by Swiss and American interests.

<sup>31.</sup> Loan granted by Swedish-American Match Combination.

<sup>32.</sup> Partly offered abroad.

<sup>33.</sup> Credit of £5,000,000 granted by English and American interests.

<sup>34.</sup> Organized to acquire the business in France and Italy and the international rights. Offering was in the form of 200,000 shares of common stock.

<sup>35.</sup> Formed by American and British interests with capitalization of 2,000,000 shares of common of £1 par value, and 800,000 deferred shares of 1 shilling each.

<sup>36.</sup> Represents estimated initial investment in connection with credit of \$45,000,000 arranged in New York for purpose of constructing national highway in Spain between Madrid and Irun.

<sup>37.</sup> Project carried out by Italian Inter-urban Telephone Company, an associated company of International Standard Electric, an associate of International Telephone & Telegraph Company.

<sup>38.</sup> Formed by European and American interests with capitalization of 12,000,000 guilders.

Yield	Issue	Price	Amount	Refunding
	Ougree-Marihaye Co. (Belgium)	101	1,515,000	
5.30	Oslo Gas & Electric 5s, 1963	951/4	6,000,000	
	Polish Finance Co	/1	750,000	
5.75	Piedmont Hydro-elec. (Italy) 1-year 51/2s	993/4	4,000,000	
5.75	Paris-Orleans Railroad 5 1/2s, 1968	96	10,750,000	9,760,000
	Russia (Pencil Concession)		1,000,000	-,,
	Russian Cellulose Concession <sup>39</sup>		1,250,000	
	Raleigh Cycle Co. of Nottingham40		750,000	
	Reynolds, Sir Joshua (paintings)		500,000	
	Russian Timber Credit <sup>41</sup>		4,000,000	
	Spanish Oil Monopoly <sup>42</sup>			
	Service Station Equipment Co., Ltd. 6% Pfd.		1,500,000	`
	Service Station Equipment Co., Ltd		3,000,000	
	Segura & Jugar Hydro-electric Development			
	Co. (Spain) 43		2,500,000	
	Soviet Railway 9s, 1933	98	500,000	
	Struma Irrigation Works		2,500,000	
	Steinamanger Match Factory (Hungary) 44 .		122,500	
	Synthetic Ammonia & Nitrate Ltd.			
	(England) 45		4,000,000	
	Service Petroleum Co., Ltd. (Rumania) Pfd.	25	1,500,000	
	Service Petroleum Co., Ltd. (Rumania)			
	Common	$3\frac{1}{2}$	350,000	
7.00	Swedish Ball Bearing ("B" shares)	40	2,240,000	
	Standard Film Co. (England) 46		18,300,000	
	Scheibler & Grohmann (Poland) 7½s, 1953	$93\frac{1}{2}$	2,500,000	
7.35	Terni Hydro-electric 5½s, 1953	$90\frac{1}{4}$	\$12,000,000	
	Telephone Automatic Dial Equipment <sup>47</sup>			
	Texas Corporation <sup>48</sup>			
	Tomaszow Artificial Works (Poland) 49		7,000,000	
	Turkish Match Co.		500,00050	
	University City (Paris) 51		2,000,000	
	U. S. Embassy Building (France)		1,219,000	
	Vacuum Oil Co. (Jugo-Slavia) 52		950,000	
7.45	Venetian Provinces Mortgage Bank 7s, 1952	95	5,000,000	
	Total		\$466,561,600	\$9,760,000

<sup>39.</sup> Cost of plant erected by American interests who received concession from Russian Government.

<sup>40.</sup> Acquired by American interests.

<sup>41.</sup> Credit of £3,250,000 granted by English, German, Dutch and American interests. Secured on sawn timber stocked in Russian yards and ports.

<sup>42.</sup> Contract closed with Pan American Petroleum and Transport Company. Amount involved not stated.

<sup>43.</sup> Involves contract for construction of plants in Spain at cost of \$20,000,000.

<sup>44.</sup> Acquired by Swedish-American interests for 700,000 pengos.45. Extension of company's pulverizing plant by American concern.

Acquisition by British film company of 76 per cent, Americans owning remainder, estimated at \$18,300,000.

<sup>47.</sup> Installed in Spain by American interests through contract with Compañía Telefónica Nacional de España calling for establishment of automatic service in several Spanish cities. Amount involved not obtainable.

<sup>48.</sup> Purchase by company of French subsidiary of Galena Signal Oil and of Irish subsidiary. Amount involved not stated,

<sup>49.</sup> Majority of shares acquired by American interests.

<sup>50.</sup> Represents American share in acquiring Belgian holdings in Company for £225,000 through American-European Match Corporation and Swedish Match Company.

<sup>51.</sup> Amount furnished by American interests for construction and development of a central building on the site of Paris' old outer walls.

<sup>52.</sup> Represents increase in capitalization from 9,800,000 dinars to 64,000,000 dinars.

THE DOLLAR ABROAD 9

# AMERICAN FOREIGN INVESTMENTS IN 1928 (Continued)

## B - GERMANY

#### I—STATES AND MUNICIPALITIES

Yield	· Issue	Price	Amount	Refunding
	Bavaria 2-year Treasury Notes		\$20,000,000	\$20,000,000
6.38	City of Berlin 6s, 1958	95	15,000,000	
	Cologne 6s, 19531	951/2	2,500,000	
6.50	Frankfort-on-Main 6½s, 1953	991/2	6,250,000	
	German Consol. Municipal 6s, 1947	94 1/2	17,500,000	
	Total		\$61,250,000	\$20,000,000

<sup>1.</sup> Loan sold in London to extent of £1,150,000. Above amount represents estimated American share.

#### B -- GERMANY

#### II-CORPORATIONS

Yield	. Issue	Price	Amount	Refunding
	Adler Motor Co.2		\$1,250,000	
	"Almco" Laundry Machinery3		250,000	
7.05	Brown Coal Industry "Zukunft" 61/2s, 1953	931/2	2,000,000	
	Berlin North-South Ry. Notes, 1928-1929		2,500,000	
	Bochum Waterworks 7s, 1948		1,250,000	
6.50	Brandenburg Electric 6s, 19532	931/2	5,000,000	
	Communal Bank of Saxony 61/2s, 19532		3,000,000	
	Central German Bank (shares)		500,000	
	Durant Car Co. (Germany)4		100,000	
	Disconto Gesellschaft		790,0005	
7.30	Dortmund Municipal Utilities 6 1/2 s, 1948	$91\frac{1}{2}$	3,000,000	
6.75	East Prussia Power 6s, 1953	91	3,500,000	
6.52	Electric Power Corp. 6½s, 1953	991/2	5,000,000	
	Frankfort Gas Co. 6½s	94	3,000,000	
	General Mortgage & Credit Corp. of Germany		4,000,0006	
6.62	German Central Agri. Bank 6s, 1938	951/2	30,000,000	
6.45	German General Electric Co. 6s, 1948	95	5,000,000	
6.50	German General Electric 6s, 1948	94 1/2	10,000,000	
	German American Oil Co		5,500,0007	
7.10	German Roman Catholic Welfare 7s, 1946	99	3,000,000	
6.70	German Agri. P. & C. Banks 61/2s, 1958	971/2	25,000,000	
6.60	Gelsenkirchen Mining 6 1/2-year 6s, 1934	97	15,000,000	
	German Agri. Credit Society 61/2s, 1953	921/2	5,000,000	
6.65	German Building & Land Bank 6 1/2 s, 1948 .	98 1/2	5,250,000	
6.00	"Gesfürel" 6s, 1953	100	5,000,000	
	German Cable Works 8s8		750,000	750,000
	German American Import Co.9		100,000	
•	Goodyear Tire & Rubber Co.10		\$187,500	
	German Railways 7% Pfd	931/2	5,848,750	
	General Motors Acceptance Corp		238,000	
6.53	Hamburg Elevated Rys. 10-yr. 51/2s, 1938.	921/2	8,000,000	
	Hamburg Insurance Co		250,00011	
	Harpen Coal Mining Co.12		4,000,000	
6.75	Ilseder Steel 6s, 1948	92	10,000,000	
	International Mortgage Inv. Co. (shares)	$112\frac{1}{2}$	1,680,000	
7.20	International Mortgage & Inv. Co. 7s, 1932	99	3,750,000	
6.75	Koholyt Corp. 6½s, 1943	971/2	4,000,000	1,000,000
	Kahla Porcelain Co		1,500,000	
	Karstadt, Rudolph <sup>13</sup>	$22\frac{1}{2}$	2,362,000	
6.21	Karstadt, Rudolph 6s, 1943	98	15,000,00014	2,264,000

<sup>2.</sup> Loan purchased by American banking group but not offered up to time of writing.

<sup>3.</sup> Formed by American interests.

<sup>4.</sup> Plant acquired from German Government at Siemenstadt, Germany.

<sup>5.</sup> Represents cost of RM 2,000,000 par value shares purchased at 158 1/2.

<sup>6.</sup> Estimated American share in newly formed German institution established with capitalization of \$5,000,000 preferred stock and 100,000 of no par value common.

<sup>7.</sup> Represents increase in capital of American-owned German concern from RM 18,000,000 to RM 40,000,000.

<sup>8.</sup> Maturity of loan extended indefinitely.

<sup>9.</sup> Established in Germany by American interests.

<sup>10.</sup> Formed together with German interests with capitalization of RM 750,000.

<sup>11.</sup> Estimated share in increase in capital of German company from RM 1,560,000 to RM 3,000,000.

<sup>12.</sup> Credit obtained in America through intermediacy of Berliner Handelsgesellschaft.

<sup>13.</sup> Constitutes offering of 105,000 American shares representing RM 4,200,000 par value deposited capital stock.

<sup>14.</sup> Bonds offered with warrants entitling holder to receive three American shares of common stock of RM 40 par value, without further cost. Refunding to be effected April 1929.

Yield	Issue	Price	Amount	Refunding
7.12	Leipzig Trade Fair 7s, 1953	98 1/2	2,000,000	
7.20	Luneburg Power, Light & Water 7s, 1948	98	1,100,000	
	C. Lorenz Corporation		1,000,000	
	Leonhard Tietz		3,125,00015	
	Lazard-Speyer Ellissen Kommanditges16		2,380,000	
	Merchandise & Products Corp., Hamburg		62,50017	
6.85	Nassau Land Bank 6½s, 1938	971/2	3,000,000	
	North German Lloyd (shares)	69	12,075,000	
	Opel Automobile Co. (shares)	200	21,420,000	
6.60	Pomerania Electric 6s, 1953	921/2	3,500,000	
	Rhenish Railroad Co., Dusseldorf		4,000,000	
6.55	Rhine-Ruhr Water 6s, 1953	93	10,000,000	
6.70	Ruhr Chemical 6s, 1948	921/4	4,000,000	
7.15	Ruhr Housing 6½s, 1958	92	\$4,600,000	
7.20	Recklinghausen Gas & Electric 7s, 1948	98	1,500,000	·
	Reichsbank (shares)	47	1,864,200	
6.49	Rhine Westfalia El. 6s, 1953	94	20,000,000	
	Rhine Westfalia El. (shares)	80	4,160,000	
7.00	Ruhr Gas Corp. 6½s, 1953	94	12,000,000	
	"Schmiedag" Vereinigte Gesenkschmiedereien			
	6½s, 1930		1,500,000	
	Siemens Halske		3,500,00018	
6.70	Silesian Landowners Bank 6s, 1948	92 1/2	6,000,000	
	Silesian Electric & Gas Co		2,000,000	
	Thuringia Gas Co.19	89	4,000,000	
6.55	Unterelbe Power & Light 6s, 1953	93	5,000,000	2,500,000
7.20	Vesten Electric Railways 7s, 1948	98	1,750,000	
	F. W. Woolworth Co		100,00020	
6.50	Westphalia Prov. Bank 6s, 1933	97%	3,000,000	
5.50	Westphalia Prov. Bank 1-yr. 51/2s, 1929	100	1,000,000	
6.60	Westphalia United Elec. Power 6s, 1953	92 %	20,000,000	7,500,000
	Total		\$361,192,750	\$14,014,000

## C - CANADA

		Amount	Refunding
I.	Government, States and Municipalities	\$71,993,000	\$10,265,000
II.	Corporations	287.457.000	51,000,000

<sup>15.</sup> Represents purchase of stock at average price of 250 per cent.

<sup>16.</sup> Bank formed in Germany by German and American interests, with capitalization of RM 25,000,-000; figure given represents American share.

<sup>17</sup>. Represents investments of 250,000 marks by American firm in A. G. fuer Waren und Produkten Handel in Hamburg.

<sup>13.</sup> Credit granted by German-American bankers to finance a RM 54,000,000 order for the building of an electric power plant. Above figure represents estimated American share of total credit of \$5,000,000.

<sup>19.</sup> Loan purchased by American bankers at 89, no public offering having been made up to preparation of present study.

<sup>20.</sup> Represents increase in capitalization from RM 1,100,000 to RM 1,500,000.

#### D - SOUTH AMERICA

#### I-GOVERNMENTS, STATES AND MUNICIPALITIES

Yield	Issue	Price	Amount	Refunding
5.25	Argentina, Sept. 28, 1928		\$12,000,000	\$12,000,000
5.70	Argentine 5 1/2 s, 1962	97	20,000,000	
7.29	Antioquia 7s, 1957	 96 1/2	4,350,000	
7.45	Antioquia D, 7s, 1945	951/2	3,750,000	
6.10	Buenos Aires (City) 6s, 1960	98 1/2	3,396,000	
7.19	Bolivia 7s, 1969	971/2	27,000,000	1,000,000
6.25	Buenos Aires 6s, 1961	 961/2	41,101,000	41,101,000
	Chilean Radio Development		60,0001	
6.48	Chile 6s, 1961	 931/2	45,912,000	32,000,000
6.35	Colombia 6s, 1961	 95	35,000,000	
7.30	City of Tucuman 7s, 1951	 961/2	3,396,000	
6.44	Chile 6s, 1961	 94	16,000,000	
7.38	Cauca Valley 7s, 1948	 96	4,500,000	
	Cali 7s, 1947		635,000	
7.14	Cundinamarca 6 1/2 s, 1959	 931/2	12,000,000	3,000,000
	Caldas (Colombia)		2,500,000	
7.43	Cordoba 7s, 1937	 97	2,547,000	
7.05	Lima 6½s, 1958	 93	3,000,000	
7.50	Maranhão 7s, 1958	 94	1,750,000	1,500,000
7.05	Medellin 6 1/2 s, 1954	 931/4	9,000,000	6,274,000
6.69	Minas Geraes 6 1/2 s, 1958	 971/2	8,500,000	
6.85	Peru 6s, 1961	91	25,000,000	15,000,000
7.23	Parana 7s, 1958	 98	4,860,000	
7.20	Porto Alegre 7s, 1968	 971/2	2,250,000	
6.23	Rio de Janeiro 6s, 1933	 99 .	1,770,0002	
6.75	Rio de Janeiro 6½s	 97	30,000,000	13,000,000
6.40-				
7.53	Rio Grande do Sul 6s, 1968	 941/4	23,000,000	
7.58	Santander 7s, 1948	 94	2,000,000	
7.00	Santiago, Chile 7s, 1949	 1001/4	4,000,000	1,000,000
6.375	São Paulo 6s, 1968	 94 1/2	15,000,000	
7.64	Tolima 7s, 1948	931/2	2,500,000	
	TOTAL		\$366,777,000	\$125,875,000

#### D - SOUTH AMERICA

## II-CORPORATIONS

Yield Issue Price Amount R	efun <b>ding</b>
Andes Petroleum Corp. (Venezuela) \$1,000,0003	
Andes Copper Co	
Argentina (acquisition of property, etc.) 1,696,000	
Aruba Refining (Venezuela) <sup>5</sup>	
Belgian-French-Venezuelan Oil Corporation <sup>6</sup> 500,000	

Estimated amount invested by American interests in enterprise to develop Chile's radio system
ageneral wireless business. Balance of total of 2,000,000 pesos taken by British, French and German
radio companies.

<sup>2.</sup> Amount obtained for City for purpose of razing Castle Hill.

Estimated amount invested in stock of corporation, in which about \$2,000,000 is reported to have already been invested by American interests.

Amount involved not stated.
 Built by American interests.

<sup>6.</sup> Organized to deal in and develop mining lands. Capitalization comprises 670,000 shares.

Yield	Issue	Price	Amount	Refunding
	Bolivia Cement Co		284,7507	
	Brazilian Portland Cement Co		3,000,0008	
7.00	Buenos Aires Central R. R. 7% Pfd.9	98.78	4,939,000	
	Banco Internacional of Lima (Peru)10		400,000	
	Brazil Rubber Concession <sup>11</sup>		1,500,000	
7.50	Bank of Colombia 7s, 1948	94 %	2,000,000	
6.30	Chile Agricultural Mortgage Bank 6s, 1961	95 3/4	20,000,000	
6.59	Colombia Agri. Mtge. Bank 6s, 1948	931/2	5,000,000	
	"Chade" (Spanish American Electric Co.)	116	2,320,000	
	Colon Oil Co. (Venezuela) 12			
6.00	Colon Oil Co. 6s, 1938	100	10,000,000	
	Creole Syndicate (Venezuela) 13		******	
	Cia. Internacional de Petroleo y Oleoductos14		500,000	
	Callao (Peru) Construction Works		6,500,000	
	Caribbean Oil Fields of Venezuela15		100,000	
	Canadian Foreign Investment & Trust Co.16 .		1,700,000	
	Electric Bond & Shares Sec. Corp	80	48,076,560	
	Electric Bond & Shares Sec. Corp	90	72,114,750	
	Guayaquil Sanitation Works		600,000	
	General Motors Acceptance Corp. (Uruguay)			
6.35	Intercontinents Power Co. 6s, 1948	96	4,500,000	
	Itabira Iron Ore, Ltd.17			
8.00	Mortgage Bank of Colombia (shares)	46	1,840,000	
	National Frigorifico of Peru <sup>18</sup>		1,600,000	
	National Frigorifico of Peru <sup>19</sup>		200,000	
	National City Bank (Colombia) 20			
	Peruvian Portland Cement Co.21		760,000	~
	Peruvian Foreign Investment & Trust Co.22 .		160,000	
	Pernambuco Tramways & Power Co., Ltd.23.		********	
	Pan American Mine Development Corp.24		100,000	
	Pan American Oil Development Corp.24		100,000	
	Pan American Timber Development Corp.24.		100,000	
	Peruvian Airways Corp. <sup>25</sup>		100,000	
	Santiago (Chile) General Construction Co		2,000,000	
	Santander Corp. (Colombia) 26		250,000	
	Santos Improvement Co		15,000,000	

- 7. Incorporated with 500,000 bolivianos, subsequently increased to 1,000,000 bolivianos, of which 850,000 bolivianos are outstanding, shares having a par value of 100 bolivianos.
  - 8. Capitalized at 25,000,000 milreis-shares being of 200 milreis par value.
- 9. Represents offering of 50,000,000 shares at £19-12-0 by British branch of American firm. Above figure represents estimated American share.
  - 10. Interest acquired by Americans.
  - 11. Concession of 2,400,000 acres granted to Brazilians transferred to American interests.
  - 12. Formed with capitalization of 2,750,000 shares of capital stock.
  - 13. Acquired by American interests. Amount involved not stated.
  - 14. Acquired by American interests.
  - 15. Formed with capitalization of 1,000 shares of stock.
- 16. Incorporated with 2,000,000 shares of 8 per cent stock of which 1,700,000 are outstanding and with 75,000 shares of common stock of which 67,000 are outstanding.
  - 17. Concession granted Company by Brazilian Government. Project will require \$75,000,000.
- 18. Capitalized at 3,000 shares 10 per cent Preferred stock of £p100,000 par value, of which 2,000 shares are outstanding; and with 1,000,000 of common stock of one-tenth of £p1 par value.
- 19. Represents increase in capital by 50,000 shares Preference shares, series B of 2p1 par (Peruvian pound), offered to stockholders at par at rate of one share for five shares held.
  - 20. Establishment of branch in Bogota, Columbia by National City Bank of New York.
  - 21. Cost of plant (£190,000).
- 22. Capitalized at fp40,000 of which 50 per cent is fully paid. Organized to acquire 51 per cent of Bolivian Cement Company.
  - 23. Acquired by Electric Bond and Share through sale of securities.
  - 24. Formed with capitalization of 100,000 shares.
  - 25. Formed to take over Peruvian Coastal Airplane Concessions.
  - 26. Acquisition of capital stock of company at cost to original subscribers plus interest at 6 per cent.

Yield	Issue	Price	Amount	Refunding
	United Venezuela Oil Corp.27		1,500,000	
	Venezuelan Seaboard Oil Co.28		250,000	
	Venezuelan Speculation, Inc.29		150,000	
	Venezuela (Maracaibo Oil Exploration Co.)30		100,000	
	TOTAL		\$210,841,060	

# E - CENTRAL AMERICA

(Including Mexico, Cuba and West Indies)

## I-GOVERNMENTS, STATES AND MUNICIPALITIES

Yield	Issue	Price	A $m$ $o$ $u$ $n$ $t$	Refunding
5.52	Cuba 5½ s, 1931-1932	993/4	\$10,000,000	
5.63	Dominican Republic 2nd Series 51/2s, 1940	991/4	5,000,000	
7.90	Guatemala 8s, 1948	101	550,000	
	Panama 6½s, Series "C"		1,000,000	
5.20	Panama 5s, 1963	96%	12,000,000	6,218,913
	Puerto Limon (Costa Rica)1		600,000	.,,
	TOTAL		\$29,150,000	\$6,218,913

<sup>27.</sup> Company with authorized capitalization of \$10,000,000.

<sup>28.</sup> Acquired by American interests.

<sup>29.</sup> Organized with capitalization of \$1,000,000.

<sup>30.</sup> Involves contract with American oil interests to develop part of Maracaibo's oil properties in eastern part of Venezuela.

<sup>1.</sup> Proceeds used for paving, sanitation and water works.

#### E - CENTRAL AMERICA

(Including Mexico, Cuba and West Indies)

#### II-CORPORATIONS

Yield	Issue	Price	Amount	Refunding
	American Fruit & Steamship Corp.2		\$3,500,000	
	Andes Development Co. (Honduras)		1,000,000	
	Chihuahua-Ojinaga Ry. (Mexico)3		500,000	
	Estacion Calles Sugar Central4		3,000,000	
	Fleischman Co. (Cuba) <sup>5</sup>		150,000	
6.22	Guantanamo & Western Ry. 6s, 1958	97	3,000,000	3,000,000
	Guayaquil Public Works6		600,000	
	Guatemala (acquisition of property)		100,000	
5.25	Havana Society of Jesus 51/4 s, 1934	100 1/2	1,400,000	
	Haitian National Brewery		70,000	
6.21	International Railways of Central America		,	
	5% Pfd		3,000,000	
	Lower California (Mexico) Railroad7		100,000	
	Mexican Utilities Co.8		4,500,000	
	Mexican Telephone & Telegraph9		317,300	
	Managua El. Light, Ice & Water System10		800,000	
	Mexican States Public Service Co.11		250,000	
	Nicaraguan Products Corp		500,000	
	Nicaragua Radio Co.12		50,000	
	Panama Gold Dredging Co		1,500,000	
6.50	Public Utilities Consol. 6 1/2 s, 1948	100	1,750,000	
5.80	Santo Domingo Electric Co. 5 ½ s, 1953		2,250,000	
	TOTAL		\$28,337,300	\$3,000,000

#### F --- AUSTRALASIA

#### I—GOVERNMENTS AND MUNICIPALITIES

Yield	Issue	Price	Amount
5.00	Australia 4½s, 1956	921/2	\$50,000,000
5.35	Brisbane 5s, 1958	941/2	7,500,000
3.95	Hawaii 41/4 s, 1933-1957		1,575,000
4.20	Honolulu 5s, 1933-1957		1,000,000
4.00	Philippine 41/2s, 1958 (Cebu Port Works)	108 %	750,000
4.00	Philippine 41/2s, 1958 (Iloilo Port Works)	108 %	750,000
6.50	Palestine 6 1/2 s, 1948	100	3,500,000
	Shanghai, China (erection of radio stations)	•	170,000
	TOTAL		\$65,245,000

<sup>2.</sup> Entire capital stock, both common and preferred, acquired by Di Georgio Fruit Corporation through its subsidiary, the International Fruit Corporation. American Fruit has extensive interests in Mexico, Jamaica and Cuba.

3. Road laid by Kansas City, Mexico & Orlent Railroad. Figure given represents estimated initial Investment by American Interests.

Construction of sugar central in Tamaulipas, Mexico, by American concern, at estimated cost of \$3,000,000.

<sup>5.</sup> Construction of plant in Cuba.
6. Work involved placed at \$4,000,000.
7. Concession authorized to American interests for 99 years to construct a line from Calexico to Sonora.

Sonora.

8. Company which controls Guanajuato Power & Electric Company and subsidiaries acquired by American interests through issuance of 49,310 shares of \$6 preferred stock. Mexican Company has outstanding \$3,550,000 of \$8 per cent bonds, 30,812.4 shares of \$7 preferred stock, and 35,000 shares of common. For each bond nine-tenths of preferred are offered; for each share of preferred three-quarters of one share of a common interests of common intry-live hundredths of one share of preferred.

9. Acquisition by American interests of all three-guarders of the common interests of a common interests of a common interests of a common interests of a control of the common interests of a control of the common interests of a course of the course of t

#### F - AUSTRALASIA

#### II-CORPORATIONS

Yield	Issue	Price	Amount	Refunding
	Afghanistan Oil Co		\$100,000	
4.25	Amsterdam Trading Corp. (shares) Claude Neon Electrical Products Federal	35.32	1,000,000	
	Corp.1		200,000	
	Deli Corporation (shares)		250,000	
	Goodyear Tire & Rubber Company <sup>2</sup>		150,000	
7.00	Nippon Electric Power 6½s, 1953	94	9,000,000	
6.24	Oriental Development Co. Ltd., 51/2s, 1958	90	19,900,000	
	Persian Railroad & Port Works		500,0003	
	Persian Railways		350,0003	
	Philippine Refining Co. 5s, 1932		650,000	
6.80	Tokyo Electric Light 6s, 1953	901/2	70,000,000	24,000,000
	TOTAL		\$102,100,000	\$24,000,000

Organized with capital of 200,000 taels to operate in China, Straits Settlements and Oriental countries. Sum given represents initial investment.
 Construction of addition to company's plant at Sidney, Australia.
 Represents estimated initial American investments.

# G (a) - INVESTMENT COMPANIES

Yield	Issue	Price	Amount
4.45	Aldred Investment Corporation 41/2s, 1968	102	\$1,000,000
	American Alliance Investing Corp. 5s, 1948	65	6,500,0001
6.00	American Associated Investors Corp. 6s, 1938	100	1,000,000
5.29	American, British & Continental 5s, 1953	96	5,000,000
5.50	American Capital Corporation 5 1/2 % Pfd	100	6,000,000
	American Capital Corp. (shares "A" and "B")		3,600,000
5.25	American & Continental 5s, 1943	971/2	7,500,000
5.00	American-European Securities Co. 5s, 1958 .	100	2,000,000
	American-European Securities Co. (shares) .	54	1,620,000
	American Financial Holding Co. (shares)		4,749,800
	American Foreign Credit Corp. <sup>2</sup>		
	American & General Securities Corp	74	14,800,000
	American & General Sec. Corp. Class "A"	20	2,000,000
	American & General Sec. Corp. Class "B"	2	1,000,000
	American Investors, Inc		5,000,000
	American, London & Empire Corp.3		5,500,000
	American & Scottish Investing Co. (shares)	25	2,000,000
	Atlantic & Pacific International Corp	69	1,500,000
	Bond & Share Company, Ltd. (shares) 4	20	2,500,000
5.07	Capital Administration Co. 5s, 1953	99	5,000,000
	Capital Administration Co. 6% Pfd	72	4,320,000
6.00	Commercial Investment Trust 6s, 1948	100	15,000,000
	Continental Securities Corp. 5	440	2,200,000
5.10	Continental Securities Corp. in Zurich 5s,		
	1938	99	5,000,000

<sup>1.</sup> Represents cost of 100,000 shares of \$50 6 per cent 1st preferred, and 100,000 shares of no par value common, offering being made in units of one preferred and one common.

2. Represents increase in capitalization from 20,000 shares to 70,000 shares of no par value.

3. Formed with capitalization of 100,000 shares of 6 per cent preferred of \$50 par, and 100,000 deferred shares. Offering of \$2,500 shares of preferred in units of one share of preferred and one deferred share. All deferred shares purchased by underwriters for \$500,000.

4. Paid up as to 50 per cent.

5. Offering of 15,000 shares of preferred and 10,000 shares of common on basis of three preferred and two common for \$440.

Yield	Issue	Price	Amount
	Continental Securities Corp. in Zurich (shares)	961/2	3,860,000
	Diversified Investment Trust 7% Pfd		1,000,000
5.33	Diversified Investment 5s, 1958	95	5,000,000
	Domestic & Overseas Investing Co., Ltd.6		
	English & New York Trust Co.7		5,000,000
	French & Foreign Investing Corp.8		12,000,000
6.00	Foreign Power & Light 6% Pfd	100	5,000,000
6.50	Foreign Power & Light 61/2 % Pfd	100	3,500,000
	Founders' Securities Trust (shares)	125	1,250,000
5.30	Financial Investing Co. of N. Y. 5s, 1932.	98 %	1,200,000
5.03	Guardian Investors Corp. 5s, 1948	$99\frac{1}{2}$	2,500,000
	General Re-Alliance Corp.9		
	Haygart Corporation (shares)	42	10,500,000
5.05	International Securities Corp. 5s, 1947	99 3/4	6,000,000
6.03	International Securities Corp. 6% Pfd	$99\frac{1}{2}$	4,921,071
-	Interseas Investment Corp	40	
	International Superpower Corp. 10	48	2,400,000
	International Credit & Securities Corp		
	International Holding & Investment Corp. 11 .		18,480,000
	Investors Equity 5s, Series "B"		4,650,000
	Investors Equity \$5.50 Pfd		3,100,000
	Investors Equity (shares)		\$775,000
	Investment Trust Association		500,000
	Investors Trust of Washington, Inc. 12 London Canadian Investment Co. 5% Pfd		5,000,000 4,000,000
	London Canadian Investment Co. 5% Fig London Canadian Investment Co. 4½ s,13		6,000,000
6.20	New York & Foreign Investing Corp. 5½s,		6,000,000
0.20	1948	92	6,000,000
6.50	New York & Foreign Investing Corp. 61/2 %	02	0,000,000
0.00	Pfd	100	5,000,000
	Old Colony Trust Associates (shares)	52	20,800,000
5.00	Overseas Securities Co. 5s, 1948	100	3,500,000
5.25	Pacific Investing Corp. 5s, 1948	961/2	5,000,000
	Pacific Investing Corp. 6% Pfd		6,000,000
6.00	Southern Bond & Share Corp. Pfd	50	2,000,000
	Southern Bond & Share Corp. ("A" and "B"		
	shares)		1,200,000
5.35	Second International Securities 5s, 1948	951/2	7,000,000
5.85	Second General American Investors 6% Pfd.	102 1/2	10,000,000
	Second General American Investors Common	10	5,000,000
5.00	Second National Investors Corp. \$5. Pfd	100	10,000,000
	Second National Investors (shares)	10	1,000,000
	Shawmut Association		20,000,000
	Shawmut Association <sup>14</sup>	50	8,000,000
	Swiss American Electric \$6. Pfd		9,850,000
	Sterling Securities 5 1/2 % Pfd	34	8,500,000
6.00	Swiss-American Electric Trust 6% Priority		
	Shares	100	10,360,000

<sup>6.</sup> Organized with capitalization of \$6,000,000 preferred stock and 400,000 deferred shares.

<sup>7.</sup> Formed in Great Britain with capitalization of 72,997 shares of £10 par.

<sup>8.</sup> Organized by American and European bankers to acquire French industrial securities. 9. Organized to own, inter alia, one-half interest in holdings of Royal Exchange Assurance group of London in United British Insurance Company, Ltd.

<sup>10.</sup> Stock offered in units of one share of \$3 preferred and one share of common, at \$74 per unit. 11. Represents acquisition by American interests of 380,000 shares at \$12 and option on 246,600 shares at \$15.

<sup>12.</sup> Organized with capitalization of \$5,000,000, starting operations with about \$800,000.

Major portion of issue reported to have been placed in Canada.
 Organized with capitalization of 400,000 shares of \$50 par, of which 40 per cent is paid up.

Yield	Issue	Price	Amount
	Second Financial Investing Corp. (shares)	25	5,000,000
	Standard Investing Corp. (shares)	100	4,000,000
	Transoceanic Trust, Ltd		2,531,250
	Trust Financier de Transports et d'Entreprises		
	Industrielles		1,000,000
	The 1928 Investment Trust		1,500,000
5.40	U. S. and British International Co. 5s, 1948	95	\$6,000,000
	U. S. and British International Co. (shares)15	70	9,800,000
5.04	Union American Inv. Corp. 5s, 1948	991/2	2,500,000
	Utilities Equities Corp. (shares)	100	16,500,000
5.00	U. S. and International Securities Corp. 5%		
	Pfd	100	60,000,000
6.00	Wedgwood Investing Corp. 6% Pfd	100	3,000,000
			. — —
	TOTAL		\$462,467,121
	Amount invested abroad (est.)		69,370,000

<sup>15.</sup> Offered to the amount of 140,000 shares of preferred and 140,000 shares of common in units of one share of preferred and one of common.

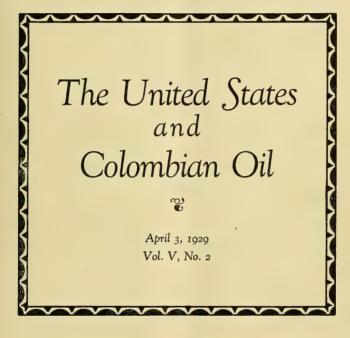
# G (b) — OTHER INVESTMENTS

Yield	Issue	Price	Amount
	Ceuta Tel. Exchange (Africa)		\$100,000 3,000,000
	Total		\$3,100,000

7571.97

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# THE UNITED STATES AND COLOMBIAN OIL

bz

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The author of this study has long been a student of Latin American affairs and has recently returned from a visit to the Republic of Colombia. Professor Rippy is personally responsible for any interpretations or opinions either expressed or implied in this report.

#### INTRODUCTION

I T is now a commonplace to assert that petroleum and its derivatives have come to possess prime importance in business and industry as well as in their direct relation to the military and maritime power of nations. Control of important sources of supply and governmental policy with reference to such sources are matters of vital international concern. In nations which possess no major fields and which are forced, therefore, to depend upon foreign corporations for their oil, there has developed a tendency to organize national sales monopolies for the purpose of insuring a steady and reasonably economical supply. In other nations, and especially in those whose talents for business and industry are undeveloped, there has frequently appeared a disposition carefully to guard their hydrocarbons against a too rapid and profitable exploitation in the interest of foreign organizations. Colombia, with vast petroleum resources, falls within the latter group.

In Colombia, as in several other nations of Latin America, legislation regarding the subsoil has not been consistent. During the Spanish régime the principle was maintained that the subsoil belonged to the Crown, regardless of the ownership of the surface. With the achievement of independence the same principle was asserted, the nation being substituted for the Crown. But, in 1858, the opposite principle of pri-

vate ownership of many of the subsoil treasures, including hydrocarbons, was adopted. During the next few years these treasures presumably passed into the private possession of the owners of the surface lands.

It seems reasonable to assume, for instance, that up to 1873 every landowner in Colombia also owned a majority of the commodities beneath his lands, including petroleum and related substances. On that date, however, the old principle was reenacted with reference to subsequent alienation of the national public lands; but, since petrolem was not specifically mentioned until 1903 in the legislation applicable to these lands, certain prior rights have been accorded to owners who acquired their land titles from the nation between 1873 and 1903.

In the legislation of 1913 appeared the first indication of a determination to exercise more rigid control over the exploitation of petroleum. By June 1919 this determination had crystallized into a decree affecting the hydrocarbons underlying all the soil of the republic, regardless of ownership or date of original title. The attitude of the oil companies and the procedure of the Government of the United States led to a temporary modification of this policy, but not to a removal of the national sentiment. The law of December 1919, amended in

1923-that is, the law now in force-did not fully satisfy the companies, but they began operations under it with renewed confidence. In 1927 and 1928 legislation was enacted requiring the presentation by any persons engaged in the petroleum industry in Colombia of documents proving ownership of lands in which exploration was being undertaken, and establishing fines for failure to comply with these regulations. The companies protested and it was alleged that the United States interposed its good offices. As a result, the legislation has been suspended, pending an attempt to reach an agreement regarding new legislation.

Aside from the matter of general legislation, several other factors have been involved in the Colombian petroleum question. In 1913 the agent of a powerful British company appeared and was on the point of acquiring a large concession near the Panama Canal Zone and in a region adapted to the construction of another canal. Due perhaps to the attitude of the Washington government, as well as to other factors, the British withdrew. In 1927 the British appeared again, only to fail a second time, although the United States Government probably had nothing to do with their failure. In the meantime, several companies owned largely by Yankees and operating in connection with Colombia's only productive field (up to the present time) became the objects of Colombian press attacks, one of them, the Tropical Oil Company, becoming involved in a dispute relative to the interpretation of the royalty provisions of its contract. Near the end of 1928 the Tropical Oil Company settled its dispute with the Bogotá authorities, without direct assistance from Washington. Another company, the South American subsidiary of the Gulf Company, suffered the nullification of a valuable concession (the Barco concession). The United States Government interested itself in this concession, but its interposition was ineffective. It is understood that the question is still before the Colombia court.

At the present moment, therefore, conditions relative to the development of Colombian oil are unsettled, and, except for the one field now productive, in a state of semiparalysis.

#### COLOMBIAN OIL LEGISLATION

The history of Colombia's petroleum legislation begins, as elsewhere in Spanish America, with the old Spanish mining ordinance of 1783. This ordinance reads as follows:

"Article 1. The mines are the property of my Royal Crown. . . . Article 22. I also grant permission to discover, solicit, register, and denounce . . . not only the mines of gold and silver, but also those of precious stones, copper, lead, tin, quicksilver, antimony, calamine, bismuth, and rock-salt, and all other fossils whatsoever, whether they be perfect minerals or half minerals, bitumens or juices of the earth (bitúmens o jugos de la tierra)...."1

The Supreme Court of Colombia has held that petroleum was included "without any doubt" in the expression "bitumens or juices of the earth," and that it was therefore one of the subsoil products which was claimed as property of the Spanish Crown.

of the Liberator, Simón Bolívar, dated Octo-

The next important measure was a decree

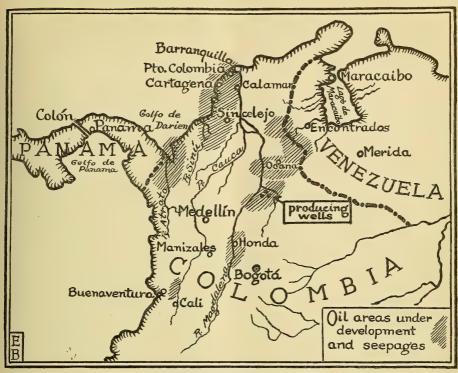
ber 24, 1829, which substituted the Colombian nation for the Spanish Crown. Article 1 of this decree declared that

"mines of every class belong to the Republic, whose Government may concede them in proprietorship and possession to the citizens who petition for them, under the conditions stipulated in the mining laws and ordinances and in conformity with those which this decree provides."

Thus Bolívar's decree declared the subsoil products in the Republic of Great Colombia, including bitumens and juices of the earth, to be the property of the nation and subject to the disposition of the national government.

So they remained until the federal constitution of 1858 was put into operation. By the terms of this fundamental law, however, the national government reserved for itself only the emeralds and rock salt and transferred to the confederated states all other subsoil products existing under lands not a part of the national domain (terrenos baldios). During the next twenty-five years

<sup>1.</sup> All the data in this section are taken from Ernesto Vasco Gutiérrez, Godigo de Petróleos (Bogotá, 1927) and J. W. Thompson, Petroleum Laws of All America (Washington, 1921).



**COLOMBIAN OIL FIELDS (1921)** 

nearly all of the states established the principle that all mines except those of gold, silver, platinum, and precious stones belonged to the owners of the soil underneath which they were deposited. The important state of Antióquia, for instance, passed a law which stipulated that emeralds and rock salt belonged to the nation, that gold, silver, platinum and copper belonged to the state, and that all other mines of whatever class belonged to the owners of the surface.

In the meantime, the government, which like that of the United States possessed a large national domain described by the term terrenos baldios, enacted only one law relating to subsoil products. This was the fiscal code of the year 1873. It reserved to the republic the proprietorship of the mines and deposits of coal, as well as those of guano and other fertilizers, which should be found in the national public lands of the republic, stipulating that said mines or deposits

should not be alienated or adjudicated with these lands but that they should be retained for the benefit of the nation. It also provided that "the mines of copper, iron, and other metals not of the precious variety, and those of sulphur and others not designated in this heading, which shall be discovered in the terrenos baldios, are likewise the property of the Union. . ." In other words, this law declared the subsoil treasures of the national domain to be the perpetual, inalienable property of the nation.

Then came the constitution of 1886, which transformed Colombia into a centralized republic and greatly enlarged the powers and possessions of the national government. Article 202 of this constitution provided, among other things, that the following belonged to the Republic of Colombia:

"The baldios, mines, and salts which belonged to the States [i. e., from 1858 to 1886], whose dominion the Nation recovers, without prejudice

to the rights granted to third parties by said States... The mines of gold, silver, platinum, and precious stones which exist in the national territory [territorio nacional, which should be carefully distinguished from terrenos baldios], without prejudice to the rights which the discoverers and explorers of some of them have acquired by previous laws."

In brief, the new constitution, potentially at least, restored the old status of 1783-1829, so far as this could be done without injury to the rights acquired under the state laws passed between 1858 and 1886.

But this did not mean that the central government was to be committed forthwith to the nationalization of subsoil products. A law of March 1887 adopted and applied to the national territory the mining code of the extinguished state, now the department, of Antióquia. That is to say, it declared the mines of emeralds and rock salt to be the property of the nation; those of gold, silver, platinum, and copper, the possessions of the departments; and all the rest, of whatever class, to be the property of the owners of the surface beneath which they should be Apparently, however, the law of 1887 did not apply to the terrenos baldíos, or national domain. Presumably, this continued to be governed by the fiscal code of 1873, already analyzed.

# EARLY COLOMBIAN LEGISLATION

The first specific mention of petroleum in the national legislation of Colombia appeared in Law 30 of October 22, 1903. This law applied the fiscal code of 1873, which related exclusively to the national domain (terrenos baldios), expressly to oil, employing the following language:

"Article 3. The provisions of the fiscal code in reference to coal mines shall be applied also to the deposits of asphalt, of whatever class, consistency, or color, and to those of petroleum or coal-oil, of every grade or class, and natural gas, and to any other products of the same or analogous nature."

The law also declared that the consent of the national Congress was necessary to the validity of all contracts for the exploitation of these products.

Five years later a national law forbade the transfer of dominion (el dominio) over the maritime islands of Colombia or "of the lands which contain deposits of salt, springs of petroleum, asphalt, deposits of heronhawks, deposits of guano, or springs of medicinal waters." It permitted, however, the leasing of these commodities, and the law was confined in its application to "terreagos haldios."

The new fiscal code of November 23, 1912, in keeping with the previous laws relating to the subject, declared the property of the nation all

"mines of coal, iron, sulphur, petroleum, and so forth, discovered or which shall be discovered in the terrenos baldíos or in those with such character which have been adjudicated subsequent to October 28, 1874 [the date when the law of 1873 became effective], without the slightest injury to the acquired rights of natural or juridical persons."

Apparently in the conviction that the code of 1873 may not have embraced petroleum until it was expressly applied to this substance by the law of October 22, 1903, the code of November 23, 1912 provided that "mines of petroleum which shall be found in

"mines of petroleum which shall be found in terrenos baldios or which have been adjudicated as such [i. e., granted to individuals or corporations] subsequent to the application of Law 30 of 1903 may be denounced [namely, claimed and exploited] by their discoverers."

Thus it would appear that lands acquired from the national domain between 1874 and 1903 were, by implication, to be exempted from the denunciation of prospectors other than the owners of the land. Moreover, the law excepted from the application of this last provision the "petroleum mines which are now being exploited by individuals by virtue of contracts validly entered into with the Government."

One other enactment, Law 75 of November 15, 1913, completes the early oleaginous legislation of Colombia. This law contained two provisions relative to the subject. Article 1 reserved for the nation

"the proprietorship of the deposits and sources of petroleum and of hydrocarbons in general, situated in public lands (terrenos baldíos), or in lands which pertain to the Nation by virtue of any other title."

#### Article 2 provided that:

"Pending the passage of a law regulating the denouncement and adjudication of sources of petroleum and hydrocarbons in general, situated in public lands, it will be only possible to make temporary concessions of these rights by virtue of contracts approved by Congress."

Such was Colombia's national legislation regarding petroleum up to the year 1913. It contained nothing which would interfere with the petroleum rights of surface owners whose titles had been acquired prior to 1873. Moreover, there is some ground for

contending that this legislation practically admitted that owners of surface acquired prior to October 22, 1903 likewise possessed prior rights to the petroliferous substances deposited beneath the surface of their holdings.

#### THE PEARSON INTERESTS AND THE FLURRY OF 1913-14

Up to the beginning of 1913 very little had been accomplished in the way of developing oil in Colombia. A few native individuals and firms had been active for almost a decade, but in the main they had been unsuccessful. With the exception of a Canadian company, which began to drill for petroleum as early as 1908, foreigners had done almost nothing.<sup>2</sup> Then occurred a series of events which attracted wide attention.

In Mexico it gradually became evident that the firm of Pearson and Son. Limited, which had already secured large privileges and concessions, was backing the dictator Victoriano Huerta in the hope of obtaining further advantages from his hostility to Wilson's Mexican policy. It also became evident that the British Ambassador was supporting Huerta with apparently the same end in view. From Costa Rica, Ecuador, and Colombia came news, moreover, that Lord Murray, an agent of the Pearson group, had secured very important oil concessions from the executive authorities, which only awaited the ratification of the congresses of these respective States.

The Colombian concession appeared to be most significant. It permitted the Pearson syndicate to locate 10,000 square kilometers of oil lands in any part of the republic. "Under this contract," according to a dispatch in the New York Times, "the Pearson syndicate would have exploited virgin oil fields in Colombia of great value, and would have received the necessary rights for building railways, docks, quays, and canals, installing telegraph and telephone systems, and everything necessary for the exploitation of the oil deposits."<sup>3</sup>

It was natural that American oil interests should be envious of Pearson's procedure. It was also natural, perhaps, that some should see in the affair a threat to the security of the Panama Canal and the sea power of the United States. The resentment of the Wilson administration appears to have been aroused almost exclusively. however, by another phase of the question. The British attitude and the Pearson concessions ran counter to the principle of constitutional democracy which the United States professed to be trying to establish in Latin America. During the last three months of 1913, Mexico and Colombiaand perhaps also Costa Rica and Ecuadorthanks largely to the Pearson interests, became connected in our British diplomacy.

On March 13, 1913 Wilson announced his opposition to Latin American dictators.

"We can have no sympathy," he said, "for those who seek to seize the power of government to advance their own personal interests or ambitions."

He was opposed to dictators because they were the enemies of democracy and constitutional order. On October 27, 1913 he expressed hostility to the concession-seekers of powerful financial groups on exactly the same grounds.

"We have seen material interests threaten constitutional freedom in the United States," said the President. "Therefore we will know how to sympathize with those in the rest of America who have to contend with such powers, not only within their borders but from outside their borders also."

These views were in entire accord with those of Bryan who complained of the

"machinations and political intrigues of foreign concessionaires in the republics of Central and South America... The right of American republics to work out their own destiny along lines consistent with popular government is as

<sup>2.</sup> P. L. Bell, Colombia: A Commercial and Industrial Hand-book (Washington, 1921), p. 121.

<sup>3.</sup> New York Times, December 31, 1913, p. 6, gives a summary of the contract. The contract was dated April 24, 1914.

much menaced today by foreign financial interests as it was a century ago by the political aspirations of foreign governments.... We must protect the people of these republics in their right to attend to their own business, free from external coercion, no matter what form that external coercion may take."4

Such were the sentiments of Wilson's Secretary of State late in October. In the main, Ambassador Page also gave the principle his enthusiastic backing in London.

The effects of the new policy soon became evident. British support was withdrawn from Huerta. Cowdray (Pearson) interrupted his machinations in Mexico. Lord Murray withdrew his Colombian oil contract, hinting that pressure had been exerted from Washington, while Cowdray, in London, not only referred ambiguously to official pressure but mentioned the hostility of the public in the United States. Moreover, the Pearson syndicate failed to obtain its Costa Rican concession and probably also that of Ecuador.<sup>5</sup>

In spite of the denials which were said to have come from the White House and the State Department, pressure appears actually to have been exerted. The correspondence of Colonel House and Ambassador Page clearly reveals this. It also indicates that Page thought his interposition had been effective. On January 8, 1914, he wrote enthusiastically of his victory:

"They [i. e., British statesmen] took up the dangers that lurked in the Government's contract with Cowdray for oil; and they pulled Cowdray out of Colombia and Costa Rica—granting the application of the Monroe Doctrine to concessions that might imperil a country's autonomy."

#### A little later he wrote in the same vein:

"I believe that if Taft (let us say) had had another four years, Cowdray would have owned Mexico, Ecuador, and Colombia, or so much of them as he cared for, with such a grip on their governments as would have amounted to a mortgage. He could have controlled them at any time and in any essential way he chose. The more I hear and see and learn, the surer I

become that these countries owe their freedom from this dictatorship to you... They [Cowdray and other Englishmen of his type] are doubly afraid—first of the United States, then of their own government in its relations to the United States. No British Government is going to risk our friendship for commercial adventurers."

Furthermore, Page's correspondence indicates that he was also in communication with the Latin American diplomats. On November 23, 1913, he remarked in a letter to House:

"I'm inviting the Central and South American Ministers to lunch with me, one by one, and I'm incidentally loading them up. I have all the boys in the Embassy full of zeal and they are tackling the Secretaries of the Central and South American legations..."8

Thus Page had two avenues of approach to the goal he desired to reach and he used them both. He exerted his influence upon South American as well as British statesmen. So far as Colombia was concerned, the results of his efforts are doubtful. Eleven days before Cowdray withdrew his Colombian contract and eight days before Page wrote House an account of his "loading up" the Latin American Ministers, the Colombian Congress passed the law which we have already analyzed. It will be recalled that this law, which bears the date of November 15, 1913, provided (1) that the nation should reserve the proprietorship over all petroleum beneath the public lands of Colombia and (2) that only temporary concessions of the right to develop this petroleum could be made until the passage of a more mature and general law. But it is not necessary to assume that influence exerted by the United States upon Colombia had a decisive influence upon the procedure of the Colombian Congress. The action of the members of this body may be explained largely by the influence of competing oil companies and by solicitude for the national welfare. Carlos M. Sarría, recently Colombian Consul-General in New York, declared in this connection:

"The oil concessions were not approved by the Colombian Congress solely because the Col-

<sup>4.</sup> Mary Baird Bryan, The Memoirs of William Jennings Bryan (Philadelphia, 1925), p. 359.

<sup>5.</sup> New York Times, November 27, 28, 30, and December 2, 30, and 31, 1913.

<sup>6.</sup> Ibid., November 26 and December 2, 1913.

<sup>7.</sup> B. J. Hendrick, The Life and Letters of Walter Hines Page (New York, 1922-1925), I, 251, III, 112-113.

<sup>8.</sup> Ibid., I, 212.

ombian people as a whole, without distinction of party, were opposed to them from the beginning."

Without affirming or denying that the United States had made representations at Bogotá, he went on to point out that a large portion of the Colombian press had attacked the Cowdray concession.9

Moreover, Colombia's legislation and attitude may be sufficient to explain Cowdray's withdrawal. If it be in any way true, however, that Page influenced the British Government to pull Cowdray out of Colombia, Costa Rica, and Ecuador, and to prevent his further support of Huerta in Mexico, it should be noted that the British Government received its quid pro quo. The repeal of the law exempting certain United States vessels from the payment of Panama Canal tolls may have been the price the United States paid, although Wilson himself apparently was willing to make this concession without any compensation.10 Indeed, a historian gifted with little more than ordinary imagination might well see in Cowdrav's industrious search for oil at both ends and on both sides of the Canal not only the direct result of resentment at Taft's "Dollar Diplomacy" and tolls policy, but also the expression of a deliberate attempt to control the Panama Canal and even to build a competing communication across northern Colombia. this were true, it would then be necessary to view the outcome of the negotiations of 1913 as extremely fortunate for the security of the United States as well as for the prosperity of its oil companies, for, although Wilson probably did not have the petroleum men in mind and was acting purely on principle,11 the net result in Colombia and Costa Rica, if not in Ecuador and Mexico, was favorable to American interests.

#### OIL AND THE COLOMBIAN INDEMNITY TREATY

Interest of United States oil companies in Colombia's petroleum developed rapidly during the next few years and oil in paying quantities was discovered in the field near Barranca Bermeia. Fortunately, we have an official report of the United States Government which briefly surveys the history of oil prospecting and development in Colombia down to the end of 1920. This report deserves to be quoted at length.

"Taking the history of the oil-land concessions and development work by foreign companies in chronological order, one finds that the oil springs of the Sinu River region first attracted attention, together with the indications to the east of Cartagena . . . and led to the obtaining of a concession from the Colombian Government by Diego Martínez y Cía. of Cartagena, in 1905. This concession was to run for 20 years, and gave what was considered practically a monopoly of the oil-refining industry for the Caribbean coast of Colombia.

"These concessionaires brought in a boring

on the Cartagena-Calamar Railway. Gas and other signs of oil were found, and it was thought at the time that deeper borings would have discovered petroleum.

"In 1908 the Cartagena Oil Refining Company was formed . . . the stockholders of which . . . were Colombian citizens, headed by the Diego Martínez interests. This company, in 1915, had an investment of about \$150,000, including the work at Turbaco, and the oil refinery at Cartagena was paying an annual dividend of 60 to 90 per cent, using imported crude oils from the United States and supplying the coast and the interior with refined petroleum products.

"[About 1914] The Standard Oil Company entered into an agreement with the Martínez interests to take over the control of the oil refinery at Cartagena and to explore for oil in the district covered by their concessions reaching from Turbaco on the east through to the Sinu River on the west and as far as a part of the

apparatus and sunk two shallow wells . . . near the town of Turbaco, 20 miles from Cartagena,

<sup>9.</sup> New York Times, November 30, 1913, Part III, p. 6. A dispatch from Bogotá to the New York Times declared that Colombian public opinion and the desire of the Colombian Congress to consider other offers caused the withdrawal of the Murray contract (bid., November 27, p. 1). American, Canadian, and German syndicates had representatives in Colombia at the time (bid., December 31, p. 6). A member of the Pearson firm remarked that Murray's competitors might raise the price of concessions until they would not be worth anything to anybody.

<sup>10.</sup> This is indicated by the fact that Wilson was ready 10. This is indicated by the fact that Wilson was ready to repeal the tolls-exemption clause before oil or dictators had become a very live issue. On the relation of the tolls question to Wilson's attempt to secure English backing for his Latin American policy, cf. Charles Seymour, The Intimate Papers of Colonel House (New York, 1926), I, 194-204; Hendrick, op. cit., Chapters VI and VII.

This view is contrary to that held by many foreign and a few American writers. John Carter, for instance, evinces an inclination to associate Wilson with Machiavelli and Bismarck and speaks of his "high-spirited and mesmeric diplomarck and speaks of his "high-spirited and mesmeric diplo-macy ... his orchestral blending of ulterior material interest with dramatic moral principles ..." (Conquest: America's Painless Imperiatism, New York, 1928, p. 107, 169). Yet I have not found a particle of evidence tending to show that Wilson desired to eliminate the British oil interests in order to give those of the United States a freer hand. From the on this matter in the near future.

Atrato River Valley. During 1914 and 1915 a well-organized attempt was made by the Standard Oil Company to prospect the district for oil; camps were established, equipment imported, and several wells drilled to considerable depth, encountering shale and a thin ooze of oil but no large quantities. The company definitely withdrew in 1916 from the field, not because the prospects for oil were not good, but on account of certain other unpropitious conditions.

"Another oil-land concession in the Caribbean district was that known as the Armella-De Mares concession, secured by the old Armella-De Mares Company of Barranquilla from the Colombian Government prior to 1900. This concession covered a tract of land having a total area of about 210 square miles and extending east from Turbaco, taking in the surface indications around the towns of Repelon, Rotane, and Rosa Vieja, east of Cartagena and about 40 miles southwest of Barranquilla...

"This concession was taken over by a Canadian company in 1907 and several wells were put down, the work being in charge of American oil-well men of experience. Oil was discovered at a depth of 600 feet, but the drilling had to be suspended when a formation was encountered that prevented further drilling with the tools and machinery employed. This work was suspended in September, 1908. In the summer of 1909 a second well was sunk, with the same tools but with a new crew of workmen; and, after many vexatious delays due to heavy rains, floods, unskilled labor, and transportation difficulties, oil was found at the depths of 500 and 1,000 feet, of excellent quality . . . but in small quantity. This well was capped, and engineers sent out from England recommended the further prospecting of the property, but this was prevented by the advent of the Great War (sic).

"A new company is now being promoted in the United States by a prominent Colombian of Cartagena to take over the old Martinez concession and other lands farther to the south with the purpose of prospecting them for oil.

"One of the pioneers in oil exploration in Colombia, Sr. Roberto de Mares, secured a concession from the Government prior to 1900 covering a very large tract in the Department of Santander (del Sur)... The first efforts to interest foreign capital in this property met with failure on account of the revolution of 1898-1904... The concession was renewed in 1905 and again in 1916, and the Tropical Oil Company, of Pittsburgh, Pa., was interested in the project; this resulted in active prospecting of the property during 1917, 1918, and 1919, and the bringing in of three flowing wells.

"The subscribed stock of the Tropical Oil Company amounted to 1,500,000 shares, with approximately \$4,000,000 available for development work. A total of \$800,000 had been spent up to the summer of 1919.

"The lands of the De Mares concession front on the Magdalena River in the Department of Santander, extending to the north as far as the Sagamoso River (a tributary of the Magdalena on the eastern side), to the east as far as the high mountain range, and south as far as the Carare River (also a tributary of the Magdalena). The frontage on the Magdalena is approximately 30 miles, and the depth from the river to the mountains averages 75 miles—the area containing in all about 1,300,000 acres (another estimate gives 3,000,000 acres)....

"In March, 1919, there arrived . . . an increased force of engineers, pipe-line men, refinery experts, etc., and the work on the new wagon road [from the Magdalena] to the wells was being pushed.

"In the early months of 1920 the holdings of the Tropical Oil Company in Colombia were taken over by one of the subsidiary companies of the Standard Oil Company. It is rumored that the new owners will construct the pipe line to Cartagena and provide for the exportation of oil from the De Mares concession lands, and, also, that new prospecting and drilling for increased production will be actively pushed during the next two years. . . .

"The De Barco concession was originally granted by the Colombian Government to Sr. Virgilio de Barco, of Cúcuta, in 1905. It occupies the entire northern part of the Department of Norte de Santander, northwest of the border town of Cúcuta and lying directly opposite known and proven oil fields in the Maracaibo region of Venezuela. This concession carried also the privilege of exploitation of asphalt and coal and was taken over by the Carib Syndicate, an American promotion company, in 1917. The Colombian Government formally allowed the transfer . . . in April, 1918, but with certain modifications of the terms of the original concession. . . . The Carib Syndicate explored the region of the concession in 1919 and that same year transferred its rights in this concession to another American oil company formed by the Doherty interests of Pittsburgh . . . known in the United States as the Colombian Petroleum Company and in Colombia as the Compañía Colombiana de Petróleo. . . .

"The De Barco concession . . . contains about 1,500,000 acres. 12 Surface indications contain

More recently it has been said to contain 5,000,000 acres.

crude petroleum of as high as 40 degrees Baumé gravity and of both asphalt and paraffin base. . . . In June 1919 part of the drilling equipment of the Colombian Petroleum Company had already arrived at Maracaibo and preparation for its transportation into the interior and for drilling operations were going forward rapidly, in charge of American oil-well crews with experience in similar work in Mexico.

"The Carib Syndicate has opened offices in Cartagena, from which point expeditions of engineers have covered other parts of the country, the company being interested in the acquisition of other oil lands for exploration and development purposes.

"Colombian citizens have been very much interested in oil lands and are taking an active part in the development of the industry in the way of the acquisition of prospective oil-bearing lands and the promotion of new oil companies, as well as the presentation of apparent opportunities in prospective oil properties to large American petroleum interests." <sup>13</sup>

The development of oil on the De Mares concession greatly stimulated the interest in the oil prospects of Colombia and by March 1921 some twenty-four Yankee and about ten British oil companies had experts in the country. From all appearances another Mexico had been found. Moreover, the Americans were far in the lead, despite the fact that the Canadians and the English were sharing somewhat in the development of the De Mares field. 14

All was not smooth sailing for the Yankees, however. One important obstacle stood in their way. Colombian resentment at Roosevelt's procedure in Panama still hung like a dark cloud on the horizon. In 1912 the Minister of the United States at Bogotá had written:

"By refusing to allow Colombia to uphold her sovereign rights over a territory where she had held dominion for eighty years, the friendship of nearly a century disappeared, the indignation of every Colombian . . . was aroused and is still most intensely alive." 14a

The law of 1913 had followed and subse-

quent years witnessed no change. <sup>15</sup> There was danger that this sentiment might further strengthen a nationalization impulse.

Indeed, on June 20, 1919, President Marco Fidel Suárez issued a nationalizing decree defining the ownership of minerals, includpetroleum, and stipulating severe methods of obtaining permission to search for and develop the same. Articles 1 and 2 of this decree required all who desired to explore for petroleum, whether in private or public lands, to obtain the previous permission of the government and to make frequent detailed reports of the progress which they had made. The third article gave the Minister of Public Works the power to grant or refuse such permission; the fourth gave to explorers who had obtained official permission and completed their investigations the preferential right for six months to effect a contract with the national government for the exploitation of petroleum on the lands which they had explored; and the fifth set forth the general basis on which such a contract would be concluded. 16

American interests believed that some of the provisions of this decree were unconstitutional and confiscatory. Fall, who had begun to interest himself in the Colombian oil situation as early as 1917, communicated with Secretary of State Lansing<sup>17</sup> and the latter attempted to make adjustments with Colombia. In September 1919 the Colombian Attorney-General petitioned the Supreme Court to nullify the decree on the ground that it was unconstitutional. On November 21 following, this judicial body declared portions of the articles mentioned above invalid because they deprived certain individuals of petroleum deposits and rights and thus violated constitutional guaranties. The court declared that these articles ignored and impaired rights acquired by just title and in accordance with legislative enactments; that they attributed to the nation mines which belonged to private persons; that the Executive in dictating the decree assumed powers

<sup>13.</sup> Bell, op. cit., p. 126-131.

<sup>14.</sup> New York Times, March 14, 1921, p. 8. A correspondent of the Times obtained this information from Senators who were opposed to the Colombian indemnity treaty.

<sup>14</sup>a. As quoted by J. H. Latané, The United States and Latin America (Garden City, New York, 1920), p. 271.

<sup>15.</sup> Cf. U. S. Foreign Relations (1913 to 1917), index at "Colombia."

<sup>16.</sup> Gutiérrez, op. cit., p. 133.

<sup>17.</sup> Cf. Lodge's statement in Congressional Record, 67th Congress, 1st Session, p. 159.

which belonged exclusively to Congress and hence exceeded his authority; and that the decree did not represent the legitimate exercise of the reglamentary power belonging to the President because it actually opposed and transgressed the laws rather than executed them. In brief, the Supreme Court decided that the President could not by executive decree deprive individuals of their previously acquired rights to the subsoil products beneath the lands which they possessed, nor impair these rights in any way.<sup>18</sup>

Before the close of the year (December 30) the national Congress drafted a new law, supposedly in accordance with the Supreme Court decision. The measure related primarily to the deposits existing or which should be found to exist beneath the public lands, but it declared the hydrocarbon industry and the construction of oil pipe-lines to be public utilities and levied a minimum operation tax of from 4 to 8 per cent upon the gross production of deposits found upon private lands whose owners, having acquired their title prior to 1873—and apparently in some instances between 1873 and 1903—also possessed the treasures underneath their lands. The operation tax in favor of the national government was fixed at a higher minimum rate on the public lands; namely, at 10, 8, and 6 per cent, depending upon the distance of the national domain from the sea.19

Several features of this law were criticized by the oil men. They objected chiefly to the provision that, upon forfeiture of any exploitation contract, all property within the concession becomes *ipso facto* the property of the nation; to the high rate of the operation taxes; to the onerous technical requirements relative to the presentation to the Minister of Industries of full reports and maps; to the short time-limit of the leases, which was fixed at twenty years, with the suggestion of an extension of another ten years; and to the right asserted by the government to cancel contracts almost at will.<sup>20</sup>

# THE TREATY IN THE SENATE

Such was the situation of American oil companies in Colombia when the Republican party returned to power in March 1921. The World War and Wilson's attitude toward the Cowdray interests had given them considerable advantage, but they were nevertheless having their difficulties and some action calculated to improve Colombia's sentiment toward the United States seemed desirable. The ratification of the Colombian indemnity treaty was apparently the logical step. Twenty-five million dollars even without an apology might, they thought, accomplish something. For seven years the treaty had remained unratified. Not even the power of Wilson exerted in a special session of Congress (1917) could secure its ratification. Nevertheless, in April 1921, the treaty was ratified by an overwhelming vote.

It appears that oil was one of the decisive factors.

"According to one Senator, who said he had received his information from Bogotá and from an attorney representing the oil interests, very few of the oil concessions, if any, will [would] be of value unless the treaty is [was] ratified.

... This Senator said that some of the concessions were granted with that definite stipulation, while officials of the Republic of Colombia had plainly informed American interests that other grants certainly would be cancelled unless the treaty became operative." 21

Fall-Roosevelt correspondence, purporting to show a death-bed repentance on the part of the ex-President, was read into the record. Asked by Senator Norris about the exact effect of the ratification of the treaty upon petroleum concessions, Senator Lodge affected great innocence. No oil men had ever approached him on the matter and he did not know the names of the companies concerned, although this must have been the common knowledge of nearly everybody connected with the Harding administration. Nevertheless, he replied:

"I think, and better judges than I agree with me, that the ratification of this treaty will lead to a prompt additional treaty of amity and commerce with Colombia which will improve our

<sup>18.</sup> Gutiérrez, op. cit., p. 137. For Lansing's action, taken at the suggestion of Lodge, cf. Senate Document No. 64, 68th Congress, 1st Session, p. 48.

<sup>19.</sup> Ibid., p. 49.

<sup>20.</sup> Bell, op. cit., p. 134.

<sup>21.</sup> New York Times, March 14, 1921, p. 8.

opportunities there of making secure the concessions we now have."22

It is questionable whether the indemnity treaty would have passed had it lacked the support of the friends of oil and sea power.<sup>23</sup>

#### FORCES BEHIND THE TREATY

The nature of the pledges regarding petroleum made by the Colombian officials during the final consideration of the treaty has not fully been revealed. Lodge refused to permit the Senators who were investigating Fall's oleaginous connections to examine the archives of the Foreign Relations Committee.24 On August 9, 1919 Secretary Lansing, prompted by Senator Lodge-doubtless influenced by Fall and the oil men-proposed an amendment to the indemnity treaty binding Colombia forever to abstain from acts which would in any way affect the rights of American citizens who at that date possessed in Colombia "real estate, mines, petroleum deposits, or any other like property." The Colombian Government was not willing to accept this agreement as a part of the treaty, but it did consider writing the pledge into a separate protocol. When it was submitted to the Colombian Senate, however, it was rejected. decision of the Colombian Supreme Court and the new petroleum law of December 1919 to which reference has already been made, represented important assurances on this matter, but apparently other conferences took place between the Minister of the United States at Bogotá and the Colombian Government. During the course of the interviews Colombian officials received the impression that the United States was inclined to make the approval of the treaty "contingent upon the celebration of contracts between Colombia and private American citizens." As a result. the Colombian President, after calling attention to the court decision and the new law, complained that the United States had "no right to say to Colombia: 'If you do not grant favors to my citizens, I will

not fulfill my previous obligations." added, however, that if the United States first fulfilled its obligations to Colombia, it "would be possible for Colombia" to promise that this fulfillment would "open the door to many friendly acts." In reply Minister Philip declared that he had been misunderstood. His government had not desired to demand the "celebration of contracts between Colombia and private American citizens" as a condition of ratifying the indemnity treaty. The reply reveals, however, that Mr. Philip had "taken the liberty of expressing his personal opinion to President Suárez to the effect that the celebration by Colombia of important contracts with citizens of the United States at this time would, in all probability, have a most favorable bearing upon the treaty situation."25

From the Colombian side has come further evidence. In the summer of 1919. James W. Flanagan, who at that time was organizing the Andian National Corporation-a subsidiary of Standard Oil Company of New Jersey-and seeking a concession for the construction of a petroleum pipe-line from the De Mares field to Cartagena.26 got in touch with Fall. He soon introduced the Senator to Carlos A. Urueta, Colombian Minister in Washington. The conversion of Fall dates from this period. At the same time, moreover, the Colombian Minister, who formerly had been urging his government to oppose modification of any kind in the indemnity treaty, began to recommend a policy of accommodation with a zeal which has led Colombians to question his motives. He strongly advised his government to make the pledge which Lansing had just then begun to solicit. He even went so far as to declare, without sufficient reason, apparently, that such an agreement alone could deliver Colombia from a worse danger than that confronted in 1903 with reference to Panama. The fate of the Lansing proposal we have already seen. On April 20, 1921 the United

<sup>22.</sup> Congressional Record, 67th Congress, 1st Session, p. 166; and passim for the entire debate on the subject.

<sup>23.</sup> The converts may have been influenced also by a desire to increase our trade with Colombia and to prepare the way for important loans.

<sup>24.</sup> Such was the report in Colombia (Carlos U. Echevert,  $En\ la\ Comera$ , p. 74), and the published account shows no documents from the committee. For the remainder of this paragraph, cf. Senate Document No. 64, 68th Congress, 1st Session, p. 48.

<sup>25.</sup> Senate Document No. 64, 68th Congress, 1st Session, p. 59-60.

<sup>26.</sup> Cf. Who's Who in America (1928-1929), "Flanagan, James Wainwright."

States Senate accepted the treaty without any formal pledge. The modified document was then submitted to the Colombian Congress and while this body was engaged in a stormy debate upon the project, Urueta resigned his post and returned to Bogotá to urge the acceptance of the pact. Near the end of the year 1921 it was finally approved, in the midst of financial difficulties and charges of corruption which caused the resignation of President Fidel Suárez.<sup>27</sup>

# THE TREATY IN COLOMBIAN POLITICS

At the very time that Urueta was urging the acceptance of the treaty upon the Colombian Congress, or very soon thereafter, he was the attorney of the Andian Corporation. In the following summer Pedro Nel Ospina was elected President of Colombia. Before his inauguration in August 1922, he visited the United States. This was an entirely legitimate and praiseworthy thing to do, but while he was in New York he appears to have been dined, banqueted and even lodged at the home of J. W. Flanagan.<sup>28</sup> When he returned to Bogotá to take up his duties as President he at once chose Urueta as his chief counsellor. Soon afterwards the Colombian petroleum laws were modified in a manner more favorable to the oil companies;29 Flanagan obtained his pipe-line concession, after having exchanged with Urueta a series of secret letters which when revealed caused a sensation;30 the Doherty interests transferred their De Barco concession to the South American Gulf Oil Company; and Yankee oil geologists advanced into the jungles. By the end of the year 1927 most of the important petroleum companies of the United States had effected extensive explorations in the chief oil zones of Colombia and had obtained im-

American oil companies advanced a long way in Colombia between 1921 and 1927, but they eventually found themselves confronted by new difficulties. Early in 1926, the De Barco concession was declared null and void because of alleged failure to fulfill the terms of its contract. Less than a year later an agent of the Anglo-Persian Oil Company appeared in Bogotá offering unusually large royalties.31 The British agent was Colonel Henry Yates. According to testimony given to the writer on the spot, Colonel Yates was supported in his request for a concession by the British diplomatic representatives.32 He is reported to have proposed that the Colombian Government grant the Anglo-Persian Oil Company a 50-year concession for lands which extended as far north as the Panama boundary. Certain Colombians, however, protested against the proposal, on the ground that Colombia's constitution and laws prohibited a foreign government from acquiring, directly or indirectly, such rights. The Yates concession was twice defeated in the Colombian Congress. Presumably the Colombian Congress believed that the British Government, which holds a certain number of shares in the Anglo-Persian Company, directed the policy of the company.

portant concessions and lands both from private individuals whose surface holdings entitled them to subsoil products and from the government itself. Thanks mainly to their efforts, which had been costly in human suffering and life, as well as in a financial way, the oil resources of Colombia had become pretty well known, although only one field—in the Barranca Bermeja district—was producing oil in profitable commercial quantities.

<sup>27.</sup> The charges brought forth in Congress against Suarez related to matters other than petroleum concessions.

<sup>28.</sup> Carlos Uribe Echeverri, En la Camara, (Bogotá, 1926), p. 27, 54, passim.

<sup>29.</sup> The terms of the contracts were extended and the companies were given a longer period for the beginning of continuous development of their fields.

<sup>30.</sup> Carlos Uribe Echeverri, op. cit., for a convenient restatement of the revelations which occurred in 1925. Consult also Luís Cano, in El Espectador, July 31, 1928 and Francisco Escobar, in Mundo al Dia, October 16, 1928.

<sup>31.</sup> Twenty to twenty-five per cent. For the English text of the Yates-Montalvo contract, cf. O'Shaughnessy's South American Oil Reports, December 1927.

<sup>32.</sup> A similar statement is made by Ludwell Denny, We Fight For Oil, (New York, Knopf, 1928), p. 121. In a review of this book, "A. C. H.," in the November 1938 number of the Journal of the Royal Institute of International Affairs states that the policy of the Anglo-Persian Company "is not directed and controlled by its government shareholders. They have certain powers merely of veto, not of direction."

The reviewer states that the story that the British company wished to secure a strategic position offsetting the Panama Canal is "monsense."

# MANOEUVERS OF THE

A little later Lieutenant-Colonel Sir Arnold T. Wilson appeared on the scene. He was described as tall and young, with an attractive and agreeable physiognomy and with the gift of extraordinarily pleasant and interesting conversation.<sup>33</sup> He had come, like Colonel Yates, as the agent of the Anglo-Persian Oil Company. A few days after his arrival he was interviewed by one of the press agencies. He stated that he had had conferences with Minister of Industries Montalvo concerning the region embraced in the Yates contract (namely, the Urabá-Atrato River region). He then remarked:

"The august shadow of the illustrious Mr. Monroe has not yet fallen over the province of Urabá and there is no reason to suppose that the North American companies or the State Department are opposed to the legitimate development of the natural resources of the Colombian Nation by any company whatever, national or foreign."

Asked if the Standard and the Anglo-Persian had reached an understanding, he replied emphatically that there existed no agreement or connection of any kind between the two companies. A few days later he gave out another interview, urging the advantages which would come to Colombia from the operations of oil companies in which foreign governments participated, such as the Anglo-Persian. He then remarked that the true interest of Colombia would be found in the acceptance of the cooperation of all petroleum companies upon equal bases. in this way could the enormous work of developing its natural resources be accomplished to the best advantage. business affairs, he said, "my policy is absclute frankness. Nothing of subterfuges: nothing of intrigues. I play with the cards on the table and with absolute honor."34 There can be little doubt of his intention to revive the Yates contract or else to sign another embracing the same area. Nor can there by any question of the ability of a man who has spent the

In addition to renewed British competition, American oil companies have recently confronted another difficulty. With the inauguration of Doctor Miguel Abadía Méndez as President in August 1926, the Colombian Government evinced a disposition to return to its former policy of nationalization.

#### LAW OF NOVEMBER 17, 1927

On November 17, 1927 an emergency measure (Law No. 84) received the approval of the President. The portions of this law most seriously objected to by the petroleum companies were those which related to private oil lands and to contract proposals now awaiting the approval of the Colombian Government. The second article of the law provided that:

"Any natural or legal person who, at the time when this law is promulgated, may be engaged in petroleum exploration by drilling wells in the Republic and in private property must present to the Minister of Industries within six (6) months, the documents proving the ownership of the lands in which the exploration is being carried on, as well as the contracts of lease or any other kind concluded with the owners of such lands, in case it is not the landowners themselves who are making the explorations."

The article also stipulated that those who failed to present said documents within the time-limit should be fined at the rate of from \$200 to \$1,000 for every month's delay. The oil companies contended that this provision violated an article of the constitution which provided that property titles and other private papers could only be demanded as judicial proofs. They further contended that the time-limit for producing proofs of title was too short. They also objected to Article 3, which suspended indefinitely all action on pending contract proposals. In this connection they alleged that they had expended large sums of money in prospecting for oil, and, in doing

greater part of his life in British service in Mesopotamia, India, and Persia.<sup>25</sup> What he has accomplished so far, if anything, has not been revealed.

<sup>33.</sup> El Tiempo (Bogotá), September 21, 1928; Diario Nacional (Bogotá), same date.

<sup>34.</sup> El Tiempo, October 3, 1928.

<sup>35.</sup> Ibid., September 21, 1928.

so, had acted on the justifiable assumption that they would be granted the privilege of exploiting such oil as they had discovered without unreasonable delay, and that the delay to which they were being subjected amounted to a diminution of their rights and a violation of the constitution. Lastly, they contended that Article 6, which doubled the operation tax levied on the exploitation of petroleum under private lands, was tantamount to confiscation. This impost, as already noted, was formerly 4, 6, and 8 per cent on the gross production, depending upon the distance of the lands from the sea. By the new law it was raised to 8, 12, and 16 per cent, rates which are higher, according to the allegation of oil men, than those which prevail in any other part of the world.36

# DECREE OF JANUARY 28, 1928

Reglamentary Decree 150, of January 28, 1928, was supposed to place the new The petroleum comlaw in operation. panies declared that the decree transgressed the law in its severity. In thus going beyond the legislative enactment, the Executive assumed legislative powers and violated the constitution. The decree shortened the period for the presentation of the proofs of title and other papers to thirty days instead of six months, diminished acquired rights by requiring drilling permits with reference to lands whose surface owners legally possessed the petroleum beneath their lands, imposed penalties without due process of law, and attributed to the Minister of Industries the function of passing upon land titles—a function which clearly belongs to the courts.37 Such were the complaints raised against the decree. In brief, quoting from a journalist friend of the oil interests,

"Colombia is [was] quite candid in declaring to the world in its petroleum legislation and regulations, that it will [would] take advantage of every possible technicality in the matter of titles to oil rights underlying the lands in that

36. Gutiérrez, op. cit., p. 114; El Debate (Bogotá), March 5, 1928; Diario Nacional, same date.

37. Diario Oficial (Bogotá), January 28, 1928.

country, to declare them the property of the Nation as against the surface owners."38

Indeed, it would seem that the crux of the problem is this matter of land titles. No one questions the right of the Colombian Government to take any course it pleases with reference to the public lands now in its possession, but there exists in Colombia much privately owned land with vague and poorly defined boundaries, whose owners have acquired rights to the petroleum beneath the surface of their holdings.

"Titles in Colombia are notoriously involved. There are no maps of the oil country, the lands not being worth the cost of surveying. Land records carelessly kept are incomplete, many having been destroyed by recurring revolutions. The basic titles in many instances are from Spanish Crown grants several hundred years old, on great areas described by natural boundaries from an un-named mountain peak to the confluence of streams, etc. . . ."

So say the oil attorneys. While in Bogotá I talked to title attorneys both of the companies and of the government and most of them were inclined to use the word chaos when they referred to the subject. One of the newspapers friendly to the government admitted that all relating to the matter was in a state of "imperfection" and the legislative committee which drew up Law 84, of 1927, declared that the provisions relative to titles were designed to lay the

"foundation for the indispensable formation of the national archives wherein records are kept of the adjudication of public lands... The duty of presenting the deeds of property," the committee went on to say, "is imposed by statistical reasons, by an elementary administrative order, and because of the need of revising such titles for the purpose of correcting abuse of various sorts which has come to the knowledge of the Government."<sup>39</sup>

Thus all parties admitted and proclaimed the need of revision, but the oil men objected to what they called the harsh and unconstitutional methods which the government had adopted. In requiring that

<sup>38.</sup> O'Shaughnessy's South American Oil Reports, March 1928, p. 6.

<sup>39.</sup> Republica de Colombia, Ministerio de Industrias, Ley 84 de 1927, p. 6.

evidences of title be presented within the brief period of thirty days and imposing fines and the seizure of equipment for noncompliance, Colombia was demanding from American oil companies, to use the words of the friends and attorneys of these companies, "a performance which she knows is impossible, under the pain of their forfeiting their oil rights to the Nation."

#### COLOMBIAN OIL LEGISLATION: AN ISSUE IN DIPLOMACY

Early in 1928 the question of Colombian petroleum legislation once more entered the realm of diplomacy, or rather was reported to have done so. In February of this year the newspapers of Bogotá published the report that Francis B. Loomis, noted for his former connections with the late Theodore Roosevelt, had presented the case of the Yankee Petroleros to the State Department and that Samuel H. Piles, United States Minister at the Colombian capital, had been instructed to enter into informal discussion with the Minister of Foreign Affairs. The press was furious. Nearly all journalists agreed that Colombia's "good friend" Mr. Piles should be informed that Colombia was not Nicaragua and that Colombian statesmen were entirely capable of living up to their international obligations and looking after their own affairs.40 The action taken by Piles has not been revealed, but on June 3 President Méndez suspended the reglamentary decree of January 28 and, hence, held in abeyance Law 84 of the previous year.41 A few months later another project was introduced into Congress, but that body adjourned late in 1928 without taking final action on the measure.

In the meantime, the procedure of the United States regarding the De Barco concession caused no little excitement. This concession, as already observed, covered a large area on the Venezuelan border in the Colombian Department of Santander del Norte and was transferred to the Carib Syndicate in 1918 with the consent of the Bogotá Government. It was afterwards sold to the Doherty interests and then to the Gulf Oil Company. It was declared null by the Colombian Minister of Industries in February 1926. The concessionaires immediately petitioned for a new hearing. The term of the Nel Ospina ad-

ministration expired (August 6, 1926) without further action being taken, and the Méndez Cabinet moved with great deliberation. The attorneys of the Gulf Company lost patience and appealed to the United States Government.

On January 13, 1928 Samuel H. Piles, United States Minister in Colombia, complained of the delay and urged an early decision. Carlos Uribe, Colombian Minister of Foreign Affairs, asked in reply if the concession referred to was that which belonged to the Compañía Colombiana de Petróleos. If so, he added, "the Secretary of State of the United States has committed an error in initiating this intervention in respect to an affair which, since it deals with the judicial relations between the government and a national entity, pertains exclusively to the tribunals of the country." Mr. Piles replied that this was the concession in question, but justified his action by the information that 95 per cent of the stock of the Compañía Colombiana was owned by citizens of the United States (namely, the Gulf Oil Company). later had various informal verbal communications with Uribe regarding the matter.

On August 4, 1928 the Colombian Government resolved that it would "not accede to the revocation of the resolution nullifying the Barco concession which was dictated by the Minister of Industries on February 2, 1926, and approved by the Government on the following day." The basis of the nullification was somewhat shifted, however. In 1926 the caducity (caducidad) of the contract was declared because the concessionaires had not presented their plans and studies or begun the works of exploitation (trabajos de explotación) within the time-limit set by the contract and because they had not "turned over to the Nation anything for its participation

<sup>40.</sup> Cf. the newspapers of Bogotá, February 21 to 23, 1928.

<sup>41.</sup> El Tiempo, June 3, 1928.

in the exploitations." Either the contractor developed petroleum and other commodities without paying the government its share and therefore violated the sixth clause of the contract, or it did not develop these products within the time-limit and therefore violated the third clause of the contract. But-and it is necessary to emphasize the point—the negligence with which the company was charged in this first decree of caducity occurred prior to 1918; that is, prior to the date when the contract was transferred to the Carib Syndicate and the Compañía Colombiana with the consent of the Colombian Government. The ratification of this transfer might well be taken as an acceptance of the full validity of the Barco concession at that date. At any rate it would render questionable the right to go back of that date in search of causes for nullification in 1926 or thereafter. In the decision of August 4, 1928, therefore, grounds for a confirmation of caducity were found in the period subsequent to 1918. The new resolution was based upon the suspension of works of exploitation and the failure to produce coal, asphalt, or petroleum within the time-limit, and the violations of the contract were alleged to have occurred between 1923 and 1926,42

Señor Uribe immediately transmitted a copy of this final decision to Minister Piles. On August 13 Piles handed the Foreign Office another note. He had been instructed, he wrote, to manifest the "profound surprise" with which the Secretary of State had noted the departure of the new resolution from the reasons formerly alleged in support of the caducity of the De Barco concession. Piles asked that the concessionaires be allowed a period of thirty days for the presentation of a memorial refuting the new allegations. He also maintained that the United States had a right to protect and support its citizens in this matter. Uribe replied that Colombia could not admit the interference of the United States in an affair which had arisen between the Colombian Government and a private concern.

The matter was then allowed to rest for a month, but on September 15 Piles received further instructions. As soon as Uribe obtained an inkling of their contents, he cabled Dr. Olaya Herrera, Colombian Minister in Washington, informing him of the resolution of the government inflexibly to sustain the thesis that it would not permit the intervention of a foreign power in questions which were the subject of decision in the national tribunals. On September 22 Piles transmitted another note based upon his new instructions. The Secretary of State had been surprised, he said, that the Government of Colombia, contradicting the usual practices between friendly nations. had refused to give a definite reply to the request that the petroleum company be allowed thirty days to submit its memorial. He now solicited a precise answer to this question. He made such a request in conformity with international practices which authorized and imposed upon governments the duty of giving reasonable support and protection to national interests. The Government of the United States was not asking anything which it would not cede to Colombia under similar circumstances and for this reason it could not consent to the refusal of the Colombian Foreign Minister to discuss the right of the United States to give due aid and protection to its nationals.

Doctor Uribe took the correspondence into the national Congress and informed that body and the public both of the state of the affair and of his resolution to stand firmly by his contentions. Congress and the press applauded Uribe and severely criticized the United States. The attitude of Uribe received similar approval and that of Kellogg similar condemnation in many parts of Latin America, particularly in Argentina.43 was agreed that if the Gulf Company and its Colombian subsidiary had complaints, they should submit them to the Colombian Supreme Court. Until this had been done and a clear case of denial of justice had occurred, the United States had no right to intervene.

Secretary Kellogg, probably against the desires of the oil men, made a declaration to the American press in which he denied officially and categorically that he had asked the Colombian Government to reconsider the cancellation of the De Barco concession. He had, he said, only demanded an answer to

<sup>42.</sup> The entire decision was published in El Tiempo, August 5, 1928.

<sup>43.</sup> Cf. La Nación (Buenos Aires) and La Prensa (Buenos Aires), September 23, 1928, and passim.

the question of whether Colombia would grant the company holding the privilege a few days to present their memorial. All this of course was true, but Kellogg added that he lamented Colombia's attitude, that he would not desist from giving American citizens the most adequate support, and that the United States would continue to follow with interest the progress of the decision regarding the Barco concession.<sup>44</sup>

Soon after the excitement caused by the revelation of the diplomatic correspondence, Mr. Piles left Bogotá. The new Minister<sup>45</sup>

appointed to supersede him reached the Colombian capital late in November. On December 4 an Associated Press dispatch from Bogotá reported that he had been discussing the De Barco concession with the Colombian Government. 6 The question of whether the cancellation of this concession is legal is still pending in the Colombian courts. A few days later the Colombian Government and the Tropical Oil Company (subsidiary of the Standard Oil Company of New Jersey) reached an agreement regarding the payment of royalties.

a better return to the Colombian people, as

owners of the national lands and subsoil, is

not tantamount to confiscation, and that the

royalties paid by foreign companies should

## PRESENT STATUS OF THE PROBLEM

Thus, it would seem that the petroleum industry in Colombia has been and continues to be enveloped in an atmosphere of friction and uncertainty. The government has not reached a final decision regarding its general policy; few new concessions are being made; work on old concessions has been suspended. Only the Tropical Oil Company is making progress, and it is the object of frequent attacks both in Congress and in the press. The Andian Corporation, owner of the pipe-lines which carry the Tropical Oil Company's petroleum from Barranca Bermeja to the sea and which are controlled by the Standard Oil Company of New Jersey, is also being severely criticized. Journalists and some politicians contend that the nation is not receiving its just share of the profits. Forgetting the backwardness and expensiveness of their transportation system, many Colombians complain of the high price which they are compelled to pay for gasoline; namely, from 45 cents per gallon on the coast to 86 cents in Bogotá. More recently, the dispatch of a special circular by the Department of Commerce to important banking groups in the United States has caused further irritation. The circular expresses lack of confidence in Colombia's financial stability, and has been interpreted in Bogotá as an attempt to exert financial pressure in the interest of the oil companies. Denunciation of Wall Street and Yankee Petroleros has become widespread.

The Colombian Government insists that the revision of contracts in order to obtain at least be equal to their net earnings, the two partners sharing equally in the venture. Moreover, the Colombian Government appears to have in mind the encouragement of the formation of native companies for the production of oil, for it is convinced that more of the profits of the industry would thereby be retained in the country. Whether there is sufficient native talent to achieve this purpose, only experimentation can determine.

With reference to Colombian attitude toward the British, it may be stated that, historically, there usually have been present in Colombia three groups divided upon the

ward the British, it may be stated that, historically, there usually have been present in Colombia three groups divided upon the question of international policy, all of them men who have realized that a small nation like Colombia, with rich natural resources and Isthmian territory of strategic value to trade and sea power, must find its integrity and security in astute diplomacy. One group has looked to the United States for advice and protection; a second has looked to the British; a third has sought protection in a system of playing the strong powers against each other. Whenever the second and third groups gain the upper hand, important concessions will probably be made to English interests.47

Jefferson Caffrey, who was transferred from Salvador.
 La Prensa (New York), December 4, 1928.

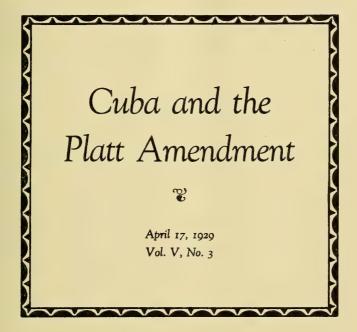
<sup>45.</sup> La Frensa (New Iork), December 3, 1926.
47. This statement is based upon a pretty thorough examination of the diplomatic relations of the United States and Colombia V. R. Rivas, Relaciones internacionales exter Colombia y los Estados Unidos (Bogotá, Imprenta nacional, 1916), passim; J. Fred Rippy, Rivalry of the United States and Britain in Latin America (Baltimore, The Johns Hopkins Press, 1929), Chapter V.

<sup>44.</sup> New York Times, October 22, and El Tiempo, October 23, 1928.



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# CUBA AND THE PLATT AMENDMENT

by

RAYMOND LESLIE BUELL with the aid of the Research Staff of the Foreign Policy Association

## INTRODUCTION

N May 20 Gerardo Machado y Morales will begin a second term as President of Cuba. Although no candidate opposed him for re-election, considerable opposition has developed since his re-election. On February 27 the Cuban Government arrested nine persons charged with plotting to overturn the government. The leader of this group declared that there was no truth in the statement that a plot existed against the life of the President. A leader of the Unión Nacionalista stated in New York that these arrests were a ruse whereby President Machado was doing away with opposition. He also charged that the government was a dictatorship which had committed many abuses. President Machado's secretary replied that these charges were absolutely untruthful and five Havana newspapers cabled the New York Times that Cuba supported the present government "en masse."

The situation in Cuba is of the greatest interest and importance to the United States. Our investments in Cuba—amounting to \$1,150,000,000—are exceeded only by our investments in Canada. Cuba supplies one-half the sugar consumed by the American people. The United States has an important naval station at Guantánamo. In addition to these economic and naval connections are the obligations which the United States has assumed toward Cuba under the Platt amendment.

Cuba depends for its existence upon the sugar crop, most of which is exported to the United States. The special session of Congress, which meets April 15, will consider proposals to increase the duties on sugar. Cubans fear that such action will further obstruct Cuban trade and thus intensify the present industrial depression.

The Cuban Government is not only protesting against an increased American tariff, but it is also attempting to secure a reduction of duty on Cuban sugar entering the American market. On March 20 President Machado proposed to Secretary Kellogg the free admission into the United States of 2,500,000 tons of sugar. It is thus possible that the action of the United States Congress in either raising or lowering the duties on sugar may have an important bearing upon the internal situation in Cuba.

The purpose of this report is, first, to review the internal political situation in Cuba. It points out that President Machado more than once declared that he would not accept a new term, but that in November 1928 he was re-elected, without being opposed by any candidate, for a new term of six years. Charges have been made that President Machado is a dictator, that he controls Congress by means of the lottery. that he prevents freedom of discussion and the organization of independent political parties, and that he uses stern measures in suppressing opposition generally. On the other hand. President Machado claims to be supported by the vast majority of the people. and he has been praised by the Constitutional Convention as a great and progressive statesman.

In forming a judgment in regard to the assertions made concerning Cuba, it is desirable not to forget the historical background of the country, nor the existence of conditions in other countries of the world which may not be in conformity with absolute standards of good government or democracy.

The report also raises the question of whether or not the United States has the

duty of inquiring into the internal situation in Cuba by virtue of the Platt amendment. It traces the origin of, and the various interpretations given to the amendment in the past. It shows how the United States has consistently opposed revolution in Cuba, and that at times it has followed a policy of "preventive" intervention, i.e., preventing conditions from arising that might lead to injury to foreign interests.

Under the Platt amendment, the United States could continue to oppose revolutions in Cuba without inquiring into the internal situation; or it might actually supervise elections in Cuba, as it has in Nicaragua. The United States might terminate the Platt amendment altogether; or, finally, the Platt amendment might be converted into an international treaty of guarantee.

### MACHADO'S NO RE-ELECTION PLEDGE

President Machado was elected President of Cuba in 1924, for a four-year term, on a platform pledged to overcome the economic depression of the Island and to bring about economic development. According to the Constitutional Convention which met last May, the achievements of the Machado administration during its first four years were as follows:

"There have been no foreign interferences, nor violent convulsions such as impoverished the Republic during its first twenty-five years. The parties have moved forward in an exalted collaboration. Aided by this, the solvency of the State has been reestablished, by means of the payment of its debts; the administration of Justice has been purified; great improvement has been made in the prison system; means of communication have been multiplied, and noteworthy improvements have been made in the paving and sewerage of our more important cities. Our system of public instruction has received an impetus which places it on a par with that in the most progressive countries. The University, heretofore in decadence, has suffered extraordinary transformation; throughout all the country classes, night schools, circulating schools and those of domestic economy have been multiplied, as well as all those which raise the level of preparation of the Cuban woman. Furthermore, several commercial academies have been created and the Industrial School, housed in modern buildings made possible by the generous gift of the President of the Republic himself, is nearing completion. The average of attendance at these centers of learning from the University down to the most elementary, attains a figure which compares favorably with that of the most civilized nations. When the construction of the 1,200 kilometers of central road is terminated-a project which is already greatly advanced—we will be the country of America which boasts the greatest mileage. . "

Hitherto, the President of Cuba has served for a term of four years and has been eligible for a second term.2 But the experience of Cuba as well as other countries has seemed to indicate that this system tempts some Presidents to allow the desire for re-election to influence their administration, and even to control the election machinery to prevent the Opposition from fairly registering its views at the polls.3 To do away with this danger, certain countries have provided for a single term for the Presidency—a principle supported at one time by the Democratic party in the United States—and sentiment in favor of a single term for the President has also existed in Cuba.

In his election manifesto of September 1924, Mr. Machado, the candidate of the Liberal party, declared:

"A Liberal President cannot be re-elected. This is now a noble tradition—the most noble of this party." He declared it would be a profound satisfaction to have accomplished the program of the Liberal party "when I hand over the power to my successor after four years in office, for no power on earth will keep me in it one single day longer. . . ."4

This pledge was repeated. In a speech at Holguin on July 26, 1927 President Machado declared that he could "never accept" office

The economic situation is not reviewed in this report.
 the sugar industry of Cuba and the general economic depression may, however, be discussed in a subsequent issue.

<sup>2.</sup> Cf. Vicente Pardo Suárez, La Elección Presidencial en Cuba, p. 128. 3. For the case of Presidents Palma and Menocal, cf. p.

<sup>4.</sup> Diario de la Marina (Havana), September 10, 1924.

after May 20, 1929, "because a man who had never failed to keep his word, a man whose lips had never been defiled by a lie, would lower his dignity, and dishonor himself, if after a political labor of twenty-five years during which he opposed the principle of re-election with the word and the sword in two revolutions, he should now accept this principle for himself." Nevertheless, in November 1928, President Machado stood for re-election without any candidate in opposition, and was re-elected for a term of not four but six years. This re-election involved certain constitutional amendments which may be briefly reviewed.

At the recommendation of President Zayas, the Senate in 1921 had recommended the adoption of amendments to the Cuban Constitution which provided, among other changes, for a single six-year term for the Presidency. Cubans state that no further action was taken on this proposal because of the alleged opposition to the measure from the United States Government, conveyed in 1921 by General Crowder, the special representative in Cuba of the President of the United States.

Following the inauguration of President Machado, the proposal was revived. On March 28, 1927 the House of Representatives passed a resolution of amendment<sup>7a</sup> which provided not only for a single six-year term of the Presidency, but also for the prolongation of the term of President Machado for two years.

The reforms likewise provided for the extension of the term of Congressmen from four to six years, and of Senators from eight to nine years; and they provided in some cases for the prolongation of the term of Representatives now in office until 1933, and of Senators until 1935.

Moreover, a provision was inserted to the effect that any amendment to lengthen the term of any elective functionary for a greater time than that for which he was elected, or providing for the re-election of the President, should require the unanimous vote of each house of Congress and of three-fourths of the members of the Constitutional Convention, and be ratified by a three-quarters of a majority of the electorate.<sup>9</sup>

President Machado declared in a statement of June 25, 1927: "I can accept this prolongation [for two years] with the tranquil conviction that I abandon a legitimate right [of re-election] and decline a term of power which the Constitution granted me... and that it will permit me, moreover, to fulfill before History the pledge of No Re-election." 10

According to the Cuban Constitution, amendments passed by the Congress must be submitted to an especially convened constitutional convention. On March 5, 1928 elections for this convention were held. Each of the three organized parties, the Liberal party, the Conservative party, and the Popular party, supported the reforms.

In April 1928 the Constitutional Convention convened under the presidency of Dr. Antonio Sánchez de Bustamante. On May 9, 1928 the delegates drew up a document part of which declared:

"Cuba is in the midst of one of those periods of intense constructive reality which from time to time absorb all the magnificent vitality of a people. . . . And we must not forget that this happy transformation is due in great part to the fact that a leader, in whom are found the exceptional qualities of the great builders of nations, has been in power with the purpose of improving the people and with the desire of profiting by the experiences of a quarter of a century lost in the task of forming our nationality. History speaks with indisputable eloquence. Nations are founded by the heroism of many. Almost always the culture, progress, order and peace of a nation in the process of

<sup>5.</sup> Diario de la Marina, July 27, 1927.

<sup>6.</sup> This reform was also discussed in 1913. Amendments to the Cuban Constitution require a two-thirds vote of both Houses of the Cuban Congress. An election is then held for a constituent convention.

<sup>7.</sup> A. Hevia, Contra las Reformas Constitucionales y la Prórroga de Poderes (Havana), p. 37.

<sup>7</sup>a. Later passed by the Senate

<sup>8.</sup> The reforms abolished the position of Vice-President, but provided that the Secretary of State should succeed the President in case of vacancy. They provided for a number of other changes. Cf. Acuerdo del Congreso de la República de Cuba sobre Reforma de la Constitución. Havana, 1927.

<sup>9.</sup> Acuerdo, p. 12. This provision was retained in the final amendments.

<sup>10. &</sup>quot;Manifiesto del Presidente General Machado Al País." Roid, p. 22. An official writer states: "General Machado could aspire to re-election with the support of all the people-but he renounced this right, in order to insure the tranquility of Cuba in the future." In thus supporting these reforms, General Machado was therefore "disinterested." Dr. J. R. Aybar, La Reforms Constitucional, Havans, 1927, p. 38.

formation is due to the personal effort of a great statesman.

"This is the path the future seems to hold for us. Therefore, the Constituent Assembly does not vacillate in reaffirming that General Gerardo Machado y Morales, because of the obligation he has contracted and because of his rôle as founder of the Republic, is unavoidably bound to accept a new presidential period."

Consequently while they adopted the principle of a single six-year term for the Presidency, they decided that this principle should apply only to the first elections held under the amended Constitution. It would not apply to the 1925-1929 term of President Machado. The amendments as finally adopted omitted therefore the original provisions in regard to prolonging the term of the present administration, but provided henceforth for a single six-year Presidential term, 11 a six-year term for Representatives. and a nine-year term for Senators. The President also automatically becomes Senator for six years at the expiration of his term. Other amendments provided for the incorporation of the Isle of Pines in the territory; for the "intervention of minorities" in the Senate; for the suppression of the Municipality of Havana and the creation in its place of a Central District; and for the increase from four to six in the number of Senators from each province. Congress is also authorized, by a two-thirds vote, to grant woman suffrage.11a

President Machado's first term expires in May 1929, and Presidential elections for the next term were therefore held in November 1928. As far as the voting list was concerned, no candidate opposed President Machado for re-election: all of the three political parties united in support of the present incumbent—the so-called candidatura única.<sup>12</sup>

Thus Cuba has adopted a constitutional reform extending the Presidential term from four to six years, without any opposition. And the President of Cuba has been re-elected without being opposed by any other candidate. Nevertheless, President Machado has stated that opposition to his administration exists. In a speech at Santa Clara on December 30, 1928 he declared:

"I know that I do not have the unanimous support of the Cuban people and this pleases me because opposition . . . . is legitimate and necessary." 13

Why, therefore, has not this opposition expressed itself through political machinery? Opponents of the present government state that the absence of opposition to such important measures in Cuba creates the presumption that, while the form of constitutional procedure may have been observed, the democratic substance has been lacking. They declare that there is no legal opposition (1) because of the control of members of the Cuban Congress through the lottery, and (2) because of government control over the organization of political parties and the suppression of freedom of discussion.

## THE GOVERNMENT

The government lottery in Cuba dates back to the Spanish régime. Although the American military occupation of 1899-1902 suppressed the lottery, the Cuban Congress revived it in 1909 and it is in full swing today. Professor Chapman states that "the history of the government lottery in Cuba constitutes one of the darkest chapters in the story of the republic." 15

Under this system lottery tickets are sold to the public, and the person drawing the lucky number receives a prize. Every ten days the government issues between 20,000 and 30,000 lottery tickets to about 2,000 collectorships. The nominal price of each ticket is \$20, but in practice each collectorship charges some times as high as \$30.16

<sup>11.</sup> I.e., re-election for two successive terms is prohibited. The fact that the convention did not merely accept or reject the amendments proposed by Congress, but instead made new proposals, was attacked as unconstitutional. Cf. De Heredia, "Las Facultades de la Constituyente," Excelsior (Havana), May 4, 1928.

<sup>11</sup>a. Gaceta Oficial (Havana), Ed. Extra. 6, May 11, 1928.
12. This was not in conformity with a provision in the Crowder code forbidding parties from uniting on a joint candidate—a provision that had since been repealed.

<sup>13.</sup> Diario de la Marina, December 31, 1928. On July 17, 1927 Machado made a speech saying that he was a dictator: "Diotador, st, pero dictador de la decencia, dictador de lo más sagrado de la tierra, de la democracia y de la libertad." El País (Havana), July 17, 1927.

<sup>14.</sup> For details of the lottery, cf. C. E. Chapman, A History of the Cuban Republic, Chapter XXIII. Cf. also "Los Crímenes que incube en Cuba la Lotería." El Nacional (Havana), December 10, 1927, p. 1.

<sup>15.</sup> Ibid., p. 547.

<sup>16.</sup> These tickets are usually sold in a hundred sections at 30 cents a section.

The difference between the legal and actual price represents a profit which goes to the collectorship. The allocation of these collectorships is in the hands of the President. In the past he has allocated the receipts of several hundred of these collectorships to Senators and Representatives, 17 retaining the profit of a large number of them for himself. In 1925 Professor Chapman estimated that the lottery yielded a personal return to the President and the Director-General of the Lottery of about \$3,000,000 a year. 18 No legislation has been enacted

to suppress the lottery; and it is charged that the present administration employs the lottery for political purposes, as it has been employed in the past. However, in an interview on February 11, 1928, President Machado told Señor Iglesias, the Secretary of the Pan American Federation of Labor, that "many politicians had come to solicit from him personal benefits in the collectorships of the lottery"; that he had "declined to concede them such privileges and it was thus that some of the enemies of the government had been made." 20

#### THE CROWDER ELECTORAL CODE

Secondly, opponents of the present régime state that the government now controls the organization of political parties and prohibits freedom of discussion. To insure a vigorous party system and fair elections generally, the Cuban Congress enacted in 1919 what is called the Crowder Electoral Code. General Enoch H. Crowder went to Cuba at the request of the two leading parties to assist in the drafting of this code, which is a highly technical and elaborate document, filling a book of 312 pages.<sup>21</sup>

The first few chapters define the right of suffrage, fix the date of elections, and lay down principles of eligibility for public office. Chapter V provides that the code shall be applied by a series of Electoral Boards. The Central Board is composed of a member of the Supreme Court, a magistrate, a professor nominated by the Faculty of Law of the University, and members appointed by each organized political party who do not have the right to vote. code prescribes in detail the method of registration of voters, the filing of candidacies, and the counting of votes. Non-partisan "Electoral Inspectors" are authorized to assist in the enforcement of the code, and

electoral colleges select the President, Vice-President and Senators.

The Crowder Electoral Code also contains a number of provisions to prevent party combinations and to prohibit party organization from becoming dominated by a selfinterested political class. Thus Article 120 of the code prohibits the same person from running on two party tickets. It provides that each party shall have a series of Assemblies and Executive Committees.22 The lowest assembly, consisting of the party members in the ward, elects delegates to the municipal assembly; the municipal assembly elects delegates to the provincial assembly; and the provincial assembly elects delegates to the national assembly. The local assemblies nominate candidates for local offices, while the national assembly nominates Presidential candidates, as do the party conventions in the United States. When the assemblies finish their work, they are dissolved and the management of the party is placed in the hands of the Executive Committee. No government functionary can be elected delegate to a party assembly (Article 287). Each political party is to be reorganized periodically, and the code makes provision for independent candidates and for the organization of new parties. (Articles 116, 282.) 23

<sup>17.</sup> Ibid., p. 557.

<sup>18.</sup> Ibid., p. 556.

<sup>19.</sup> Cf. p. 44.

<sup>20.</sup> Informe Sobre Cuba, Pan American Federation of Labor, April, 1928. p. 14.

<sup>21.</sup> Código Electoral, República de Cuba, 1919.

<sup>22.</sup> Articles 284, 294.

<sup>23.</sup> The Crowder code did not apparently guarantee a fair election in 1920. Cf. p. 58. The code had provided that where the ratio of voters to population was one per cent higher than at the preceding election, the election was presumptively fraudulent, and, if more than three per cent, conclusively so. In 1922, 512 out of the 1,193 voting districts showed a one per cent increase in voting ratio, while 294 showed an increase of more than three per cent. Chapman, op. cit., p. 575.

It is now charged that in laws passed in 1920, 1921, 1922, 1925 and 192724 the Cuban Congress has whittled away the guarantees of the Crowder Electoral Code. Specifically, it is charged that the provisions for the periodic reorganization of political parties, prohibiting officials from serving on party assemblies, and requiring separate candidates for each party have been set aside. As a result of these amendments, it is charged that it has become virtually impossible for any independent group to organize as a party and run candidates for Congress or other public office.

One writer states:

"The delegates to the Constitutional Convention will really be designated by the Executive Committees of the three political parties. . . . It is said that the selection will not even be made by these Executive Committees, but that a list will be drawn up at the Palace by one person: the President of the Republic-the Executive Committee accepting these designations . . . The voter opposed to prolongation will not have any one for whom to vote."25

Another writer declared that, as a result of the amendments to the Crowder Electoral Code, "the public life of Cuba has been placed in the hands of an audacious and unhampered oligarchy which has abolished the suffrage in order to monopolize public functions."26

#### ALLEGED SUPPRESSION OF OPPOSITION

### TREATMENT OF CUBAN LABOR

Finally, it is charged that the government has prohibited by various means opposition to its policies, whether in regard to constitutional amendments or economic policy. These charges first arose in connection with labor troubles in 1925. In that year a railway strike was vigorously suppressed by the Machado government on the ground that the strike would injure the sugar crop. In February 1928 President Machado told Senator Iglesias that the strike had to be suppressed because "foreign firms had appealed to the government of Washington and of other nations soliciting protection, which signified the threat of a new intervention."27 During the following year or two the Machado government was charged with resorting to extreme measures in suppressing the Cuban labor movement generally. According to Mr. William Green, President of the Pan American Federation of Labor, these complaints became so numerous as to "warrant the conclusion that a condition of virtual terrorism existed. . . . The stories of extreme cruelty, assassination and inhuman treatment

were so amazing that they seemed incredible."28

On February 26, 1927 Mr. Green wrote to the Cuban Ambassador in Washington presenting "certain allegations, information and facts, together with the names of many persons who, it is alleged, have been assassinated because of their association with and their activities in behalf of bona-fide labor organizations to which they belonged in Cuba."29

In reply, Dr. Ferrara, the Cuban Ambassador, said:

". . . . what is most important in these accusations is that referring to the assassinations. The deeds presented are so fantastic as to render them unbelievable.

"The list of deaths is worthy of other epochs on account of their length. Almost all of the names given are of strangers who have abandoned voluntarily or by force the territory of the Republic. Almost all of these strangers had been banished from other countries, arriving in Cuba to initiate a social revolution.

"Thomas Grant was undoubtedly assassinated. It is not known by whom. But there is one thing sure, if he had not been murdered he

<sup>24.</sup> For a documented account, cf. Colonel R. M. Peñate, "Contra la Soberanía del Pueblo." El Nacional. Hevia, Contra las Reformas Constitucionales, p. 44.

<sup>25.</sup> Rolg de Leuchsenring, "La Convención Constituyente está Incapacitada para Conocer de la Prórroga." Carteles (Havana), November 6, 1927.

<sup>26.</sup> A. Hevia, op. cit., p. 52. Cf. also A Nuestros Correligionarios y Al País, Manifesto of the Unión Nationalista.

<sup>27.</sup> Informe Sobre Cuba, p. 14.

<sup>28.</sup> Proceedings of the Fifth Congress of the Pan American Federation of Labor, 1927, p. 43. Detailed charges were published by Chester M. Wright in International Labor Ser-vice, March 1927, and in the Scripps-Howard newspapers. Cf. Washington News, March 3 and 4, 1927.

<sup>29.</sup> Proceedings, p. 44. He invoked the Platt amendment as the basis of protection. Cf. p. 46. The Argentina Federation of Labor sent to the South American press a manifesto containing charges against the Machado government. Heroido de Cuba (Havana). Cotober 14, 1927.

would murder....Varona was assassinated also, but, as it appears, not on account of labor difficulties, but on account of personal differences arising on account of labor fights. It is true that the culprits have not been discovered. But if fifty per cent of the crimes committed in New York, in London, in Paris, in Rome are not discovered, how [can] Cuban justice be obliged to discover the crimes committed in the open."

On March 29, 1927 Dr. Carlos Manuel de la Cruz stated in the Cuban House of Representatives that "since 1925 a policy of arrests and expulsions in regard to workingmen has been pursued. Men have disappeared from many homes; many laborers have entered military prisons." <sup>20</sup>

In an interview with Senator Iglesias, on February 11, 1928, President Machado declared that his "administration had worked to improve the condition of laborers," and that he favored "'just strikes.'" He had, however, suppressed general strikes, radicalism and violence. Except for a few corrupt politicians "the entire population of Cuba supported his policy." 31

Senator Iglesias asked President Machado "to prohibit absolutely the system of using police in the meetings of labor organizations." From various sources Senator Iglesias had been told of "sad and even grotesque instances of persecutions against labor leaders who had disappeared, of the suppression of public liberties and of labor organizations." <sup>32</sup>

Opponents of the present régime state that a policy of repression has been applied not only to labor leaders but to others in the disfavor of the government. In July El Día printed an article asking if it was proper for President Machado to be connected with a certain electric light company in Cuba.<sup>32</sup> In the next month, the editor of El Día, Armando André, was assassinated.<sup>34</sup>

# OPPOSITION TO CONSTITUTIONAL REFORMS

Although the three organized political parties supported the constitutional reforms, a number of distinguished Cubans, such as Colonel Carlos Mendieta, Cosme de la Torriente, Enrique José Varona, Domingo Méndez Capote, Aurelio Alvarez, Vicente Pardo Suárez, Emilio Roig de Leuchsenring and others, protested against them. Some of these Cubans organized a group called the *Unión Nationalista*, and attempted to hold meetings to protest against the reforms.

Although the Constitution of Cuba guarantees freedom of assembly and although in many cases permits for meetings were actually granted by local mayors, government troops and police broke up meetings at Santiago de las Vegas, Regla, Los Palacios, Marianao, Batabanó and Matanzas.35 The reason given by the Colonel of the Army for suppressing the meeting at Matanzas was that "the orators were expressing views disrespectful of the Executive."36 In November 1927 the Council of War sentenced Captain Pereira to two weeks' imprisonment "because he had not acted energetically against the orators of the Nationalist party which occupied the forum in the meeting recently celebrated in the City of Calimete."37 When an attempt to hold a demonstration in honor of Colonel Mendieta in Havana was made in October 1927, it was dissolved by the police.38

In the spring of 1927 a meeting of students at the University of Havana was held to protest against the constitutional reforms, on the ground that they would be the beginning of a prolonged and legalized dictatorship.<sup>39</sup> This meeting was broken up by the police. About the same time the Directorio Estudiantil Universitario issued a pamphlet<sup>40</sup> defending the right of university students to discuss politics and attack-

<sup>30.</sup> Diario de la Marina, March 29, 1927.

<sup>31.</sup> Informe Sobre Cuba, p. 14.

<sup>32.</sup> Ibid., p. 16.

<sup>33.</sup> El Día, July 1, 1925. A few days previously El Día had published a statement from President Machado declaring he had terminated his business connections upon becoming President. El Día, June 11, 1925.

<sup>34.</sup> El Pais, August 20, 1925.

<sup>35.</sup> Hevia, op. cit., p. 56.

<sup>36.</sup> El Mundo (Havana), October 3, 1927.

<sup>37.</sup> La Prensa, Havana, November 27, 1927, p. 8.

<sup>38.</sup> Cf. La Prensa, Havana, November 4, 1927; and Hevia, op. cit., p. 61.

<sup>39.</sup> Cf. El Pais, May 7, 1927. "President Machado's Empty Buildings," The New Student, April 11, 1928.

<sup>40.</sup> Contra La Prórroga de Poderes, Al Pueblo de Cuba.

ing the reforms. In July the government arrested about 150 workers, students and intellectuals. In November 1927 students protesting against some of these imprisonments tore down a table at the university dedicated to President Machado. Following this incident, the President ordered the university closed, and twenty students were expelled. The buildings were used by the Pan American Conference in January 1928. The university was subsequently re-opened in March 1928.

In April 1928 the "Directorio de los Estudiantes de la República de Cuba" issued a manifesto to the press and the "intellectual youth" of America which declared in part:

"There is no free press in Cuba. That which exists is threatened with death or silenced by bribery.

"Neither does the right to life exist. Not only are workmen killed, but all those who protest against the existing dictatorship.

"The ship 'Maximo Gómez,' anchored in the bay of Havana, is the destined port of exit of hundreds of foreigners who are deported iniquitously, without being permitted the right of defense.

"The Cuban Congress is a fiction. It is bought by Machado with the money of the Lottery. The President has in his hands nearly eight million dollars annually to finance the Dictatorship. . . .

"Cuba is under the reign of terror and crime. . . .

"The Cuban fortress is the momentary asylum of those who are to be assassinated in Havana. A few days ago, there was found in the stomach of a shark the arm of the luckless laborer, Bruzón, who had been in prison in that fortress. . ."<sup>42</sup>

On January 10, 1929 a Cuban student leader, Julio Antonio Mella, was shot and killed in Mexico City. 43 Before dying, Mella made a declaration to the police to the effect that "his aggressors were two individuals sent to assassinate him by the Government of Cuba, because of his Communist ideas contrary to the said government." 44 The

Cuban Ambassador in Mexico City declared that charges that his government had any responsibility in the matter were unfounded.<sup>45</sup>

In the spring of 1928 two members of the Machado Cabinet resigned. The first was Dr. Rafael Iturralde, Minister of War, who was charged with organizing a political campaign against Machado and negotiating a loan for this purpose with certain foreign corporations.46 As a result of these charges, Iturralde was asked to resign. On May 28 Colonel Blas Masó was shot while on the balcony of his house. Dr. Iturralde was the first to visit him at the hospital, where he declared that Masó had been working in favor of his Presidential campaign.47 The Cuban police "were not able to clear up the mystery" of Masó's death. On June 7 Iturralde left Havana for the United States in an airplane. In New York he stated to the Associated Press that he had been forced to flee because of his opposition to President Machado. He declared that "countless assassinations have been perpetrated by orders of the government through its agents. All constitutional liberties have been suppressed."48

In April 1928 Señor Rogerio Zayas Bazán, Minister of the Interior in the Machado government, resigned. The *Heraldo de Cuba* summarizes what purported to be his letter of resignation:

"Scarcely had General Machado taken the reins of power when his conduct suffered a radical change. Day by day his decisions became more and more arbitrary and his methods more severe until all liberties were completely eclipsed.

45. New York Times, January 12, 1929. Apparently the case is still under investigation. La Prensa (New York), Feb-

<sup>41.</sup> El País, March 2, 1928.

<sup>42.</sup> For details in regard to the case of Bruzón, cf. El País, March 5, 1928; Diario de la Marina, March 10, 1928; El País, March 15, 1928.

He had been expelled from Cuba in 1925 after leading a agitation.
 Excelsior (Mexico City), January 20, 1928, p. 3.

ruary 16, 1929.
46. Cf. La Prensa (Havana), April 23, 28, 1928.

<sup>47.</sup> Diario de la Marina, May 28, 1928.

<sup>48.</sup> New York American, March 2, 1929.

<sup>49.</sup> Heraldo de Cuba, April 28, 1928.

In August 1928 Señor Bartolomé Sagaró, former Representative, who had attacked the pro-Hispanic policy of the government, was mortally injured. It was reported that he had been attacked with a "blackjack." 49a

In February 1929 the director of the Heraldo Comercial disappeared "in a mysterious manner." Commenting on the incident, the Diario de la Marina intimated that the director "possessed a tongue" and had been saving that "Troy was going to burn after May 20"-the date on which the second term of President Machado commences. 50

Following the re-election of Machado, Dr. Orestes Ferrara, Cuban Ambassador at Washington, gave out an interview in New York, in which he listed the promises which Machado should carry out as a result of his election. These included:

"Public liberties, absolutely indispensable for the good functioning of public life. . . and also, upon the basis of the mutual respect for parties of the government and of the opposition, the reorganization of parties in order that the professional politician will disappear."51

The last incident took place on February 27, 1929. On this date the government arrested nine persons charged with organizing an armed movement to prevent the continuation in power of the present government.52 President Machado declared that these men had been arrested because of "anti-patriotic and insidious" propaganda.53 According to a statement of the Chief of Judicial Police, March 6, 1928:

"These persons, as well as many others whose identity is being sought, have been and are without doubt those who have brought about the prevailing state of affairs, and who either as leaders or mere executors have supported the movement, writing and personally distributing articles, proclamations, manifestos and handbills, sending letters, attending secret meetings -calling themselves 'new revolutionary Cubans' and confessing-some of them-to participation in an illicit plan to obtain the change and substitution of the present government.

"From the findings of the police it is evident that the association, 'Nationalist Union,' is illicit because its principal object has come to be that

"'Given the relations of true friendship existing between both countries, and the Permanent Treaty which formed part of the Constitution of the new Republic, we believe it to be a thousand times more patriotic, dignified and proper to address you this petition which will surely be heard, soliciting armed intervention, than to contribute by indifference and inactivity to the possibility of events of perturbation, destruction and of blood.' "54

The Chief of Judicial Police published a list not only of those actually charged with offense, but including about 300 others, living in various parts of Cuba, "against whom the agents of the Judicial Police are attempting to find legal proofs. . . . "55

One of the men arrested, Dr. Vergara, denied that a plot existed against President Machado, or that a revolt was planned to bring about the intervention of the United States. He represented the University of Havana students who sought administrative changes through the avenues of law and order. In a statement made in New York. Mr. Octavio Seigle, a founder of the Cuban Nationalist party, declared that there was no plot against President Machado's life but that the President had used this means of silencing his opponents. He charged President Machado with a policy of terrorism.56 President Machado, through his secretary, made a reply in the New York World stating:

"... the Cuban Government is supported by the people and all the political parties. Persons entirely discredited here and guided by their animosity and passions also divulge slander and falsehood in New York. . . . Absolute peace and faith in its Government and President exist in all the nation,"57

of committing crimes foreseen and punished in existing laws, in attempting to overthrow and substitute the present Government by dissolving its Council of Secretaries and impeding by force the promulgation of the laws of the Republic, among which is that called 'prolongation of powers'; and even attacking the Chief of State and the integrity of the country, as was manifested by the documents found in the rooms of the Association, with the following title: 'Juridical Allegation and Civic Exposition to the Department of State of the United States. . . .' This allegation ends with the following paragraph:

<sup>49</sup>a. El Cubano Libre (Havana), August 6, 1928.

<sup>50.</sup> Diario de la Marina, February 22, 1929.

<sup>51.</sup> Diario de la Marina, November 11, 1928.

<sup>52.</sup> Cf. the charge of the Judge of Instruction. El Mundo, March 2, 1929.

<sup>53.</sup> Diario de la Marina, March 1, 1929.

<sup>54.</sup> In 1920 the Presidential candidate of the Liberal party -the party to which Machado belongs-went to Washington and asked intervention. Cf. p. 58.

<sup>55.</sup> Heraldo de Cuba, March 6, 1929.

<sup>56.</sup> New York World, March 1, 1929. 57. New York World, March 2, 1929.

The same day five Cuban newspapers, El Mundo, Diario de la Marina, Heraldo de Cuba. El Comercio and Excelsior-País, cabled the New York Times:

"....all serene and constructive criticisms of governmental acts are perfectly guaranteed and exercised. . . . What does not exist are defamatory articles which destroy the decorum of the government and unsettle public sentiment. . . . Order, public peace and compliance with the laws are guaranteed in Cuba by a government that does not mollycoddle agitators. Cuba supports that policy en masse. . . . "58

Although the Seigle statement attacking the Machado government was widely circulated by the Associated Press throughout the United States, it was not published in the principal Havana newspapers. 59

In a manifesto of March 6, 1929 leaders of the Unión Nacionalista, headed by Carlos Mendieta, Cosme de la Torriente, Juan Gualbert Gómez, Aurelio Hevia, Aurelio A. Alvárez, Roberto Méndez Peñate and others, stated among other things that "the supporters of the present situation boasted that what they did was done with the enthusiastic approval of the Government of the United States and the applause of its diplomatic representatives." The association felt it necessary to repeat before the country "its protest against the illegal reform of the Constitution, the prolongation of powers, the alteration of the Electoral Code, the nonreorganization of the parties, the impossibility of creating new ones, and everything that had been done recently to establish in Cuba an autocratic, dictatorial and therefore essentially anti-democratic régime."

### THE SHIPSTEAD RESOLUTION

In view of the Platt amendment, Cuban opponents to the Machado government, as well as some Americans, have expressed the opinion that the United States has certain responsibilities in Cuba; and that these responsibilities extend not only to the protection of foreign interests but also to safeguarding the liberties of the Cuban people.

Thus, Mr. William E. Green, in his capa-

city of President of the Pan American Federation of Labor, in a letter to the Cuban Ambassador of April 14, 1927 declared:

" . . . according to the Platt Amendment the Government of the United States is obligated to use its influence to see that a government is maintained in Cuba which is adequate to protect life and individual liberty as well as property. . . ."

There is a "different relationship" between Cuba and the United States than between these governments and other Latin American republics.60

On April 17, 1928 Senator Shipstead submitted a resolution to the Senate of the United States, declaring that the Platt amendment was intended "to afford protection to the liberties of the Cuban people" and to citizens of the United States. asked that the Senate Committee on Foreign Relations inquire into the question of whether the rights of American citizens in Cuba and the liberties of the Cuban people are being fully protected under the Platt amendment; if not the committee should report to the Senate the reasons for such failure. The resolution then recited the charges made against the Machado administration; namely, that it is a

"...virtual dictatorship under which freedom of speech, freedom of assembly, freedom of petition and electoral freedom have been destroyed. . . . "

"Numerous assassinations, imprisonments, deportations and exiles have taken place.

"Political opposition to the ruling group has been destroyed.

"The National University has been closed, denying to the youth of Cuba the right to higher education and free speech.

"Private property of Cubans and of Americans has been seized without due process of law and without the right of recovery."

The resolution also referred to political interference with the court system and criminal code. It referred to the sale of lottery tickets whereby the national Congress was made "absolutely subservient to the domination and dictation of the executive department—a condition amazing in its defiance of all decency and political honesty and honor."

The Senate Committee was asked to re-

<sup>58.</sup> New York Times, March 2, 1929.

<sup>59.</sup> I.e., the Heraldo de Cuba, El Mundo, Excelsior-País and the Diario de la Marina, did not publish this statement. The Political Handbook of the World, 1929, states "there is no opposition press at the present time" in Cuba. Council on Foreign Relations, p. 41.

<sup>60.</sup> Proceedings, p. 51. For the protest of the Cuban Ambassador against this interpretation, cf. p. 59.

port as to what further action was necessary to insure the fulfillment of the obligations assumed by the United States under the Platt amendment.<sup>61</sup>

On the other hand, President Machado has vigorously protested against the intervention of the United States for the purpose of helping the opposition to his government. He has also advocated the repeal of the Platt amendment. On December 31, 1928 he declared that the Platt amendment did not exist.<sup>62</sup>

In an effort to throw historical light on the question of whether or not the United States has any responsibility for the internal situation in Cuba, and whether it has the duty or right of inquiring into the charges made against the present administration, the next part of this report will review the history of the Platt amendment and the interpretations given to it in the past.

## THE PLATT AMENDMENT AND THE RESPONSIBILITY OF THE UNITED STATES

In a joint resolution of April 18, 1898 declaring war against Spain, the Congress of the United States declared:

"The United States hereby disclaims any disposition or intention to exercise sovereignty, jurisdiction, or control over said Island [Cuba] except for the pacification thereof, and asserts its determination, when that is accomplished, to leave the government and control of the Island to its people."63

In the Treaty of Paris of December 10. 1898, Spain relinquished "all claim of sovereignty over and title to Cuba."63a In 1898 the United States established a military administration in Cuba under General Leonard Wood which lasted until May 1902. This administration was notable because of its campaign against yellow fever and other reforms.64 In March 1899 Congress passed the Foraker amendment to the military appropriation bill, to the effect that "no property, franchises, or concessions of any kind whatever shall be granted" by the United States in the Island of Cuba "during the occupation thereof by the United States."65

In September 1900 an election was held, under the supervision of the military government, for delegates to a constitutional convention which, according to instructions issued by General Wood, should adopt a con-

stitution for Cuba and should agree with the United States "upon the relations to exist between that government and the Government of Cuba."66 This convention met in November, and by February 1901 had agreed upon a constitution patterned after that of the United States.

The original draft of this constitution was silent in regard to the future relationship between Cuba and the United States. On March 2, 1901, however, the Congress of the United States enacted what is known as the Platt amendment to the army appropriation act. It authorized the President to "leave the government and control of the Island of Cuba to its people' as soon as a government shall have been established in said Island under a constitution which, either as a part thereof or an ordinance appended thereto, shall define the future relations of the United States with Cuba," substantially as follows:<sup>67</sup>

#### ARTICLE I

"The Government of Cuba shall never enter into any treaty or other compact with any foreign power or powers which will impair or tend to impair the independence of Cuba, nor in any manner authorize or permit any foreign power or powers to obtain by colonization or for military or naval purposes, or otherwise, lodgment in or control over any portion of said Island.

### ARTICLE II

"The Government of Cuba shall not assume or contract any public debt to pay the interest

<sup>61.</sup> Senate Resolution 201, 70th Congress, 1st Session. The committee has already held hearings relative to one part of the resolution: namely, the Barlow claims.

<sup>62.</sup> Cf. p. 62.

<sup>63.</sup> U. S. Statutes at Large, Vol. XXX, p. 738.

<sup>63</sup>a. Malloy, Treaties of the United States, Vol. II, p. 1691. 64. Cf. Chapman, C. E., op. cit., Chapter VI; Jenks, L. H., op. cit., Chapter V; Hill, Roosevelt and the Caribbean, p. 70.

<sup>65.</sup> U. S. Statutes at Large, Vol. XXX, p. 1074.

<sup>66.</sup> House Document No. 1, 57th Congress, 2nd Session, 1, 359. Hill, op. cit., p. 70.

<sup>67.</sup> The following text is the final wording incorporated in the Fermanent Treaty of May 22, 1903. Malloy, Treaties of the United States, Vol. I, p. 363.

upon which, and to make reasonable sinking-fund provision for the ultimate discharge of which, the ordinary revenues of the Island of Cuba, after defraying the current expenses of the Government, shall be inadequate.

#### ARTICLE III

"The Government of Cuba consents that the United States may exercise the right to intervene for the preservation of Cuban independence, the maintenance of a government adequate for the protection of life, property, and individual liberty, and for discharging the obligations with respect to Cuba imposed by the Treaty of Paris on the United States, now to be assumed and undertaken by the Government of Cuba.

#### ARTICLE IV

"All acts of the United States in Cuba during its military occupancy thereof are ratified and validated, and all lawful rights acquired thereunder shall be maintained and protected.

#### ARTICLE V

"The Government of Cuba will execute, and, as far as necessary, extend the plans already devised, or other plans to be mutually agreed upon, for the sanitation of the cities of the Island, to the end that a recurrence of epidemic and infectious diseases may be prevented, thereby assuring protection to the people and commerce of Cuba, as well as to the commerce of the Southern ports of the United States and the people residing therein.

#### ARTICLE VI

"The Island of Pines shall be omitted from the boundaries of Cuba specified in the Constitution, the title thereto being left to future adjustment by treaty.§8

#### ARTICLE VII

"To enable the United States to maintain the independence of Cuba, and to protect the people thereof, as well as for its own defense, the Government of Cuba will sell or lease to the United States lands necessary for coaling or naval stations, at certain specified points, to be agreed upon with the President of the United States."

#### The Cuban Constitutional Convention.

through a committee, objected vigorously to these provisions, on the ground that "they impair the independence and sovereignty of Cuba." It proposed a compromise omitting Article III, which granted the United States the right of intervention. While the United States declined to accept the compromise, General Wood on April 3, 1901 conveyed to the convention an interpretation of Article III from President McKinley as follows:

"You are authorized to state officially that in the view of the President the intervention described in the third clause of the Platt amendment is not synonymous with intermeddling or interference with the affairs of the Cuban Government, but the formal action of the Government of the United States, based upon just and substantial grounds, for the preservation of Cuban independence, and the maintenance of a government adequate for the protection of life, property, and individual liberty, and adequate for discharging the obligations with respect to Cuba imposed by the treaty of Paris on the United States."

Still unsatisfied, the convention on April 13 decided to send to Washington a commission headed by Dr. Méndez Capote. This commission held conferences with President McKinley and Secretary of War Root. Returning to Havana it presented a report on May 6 to the convention which contained a summary of a number of interviews with Secretary Root. In these interviews Secretary Root was reported to have declared as follows in regard to Article III:<sup>70</sup>

# SECRETARY ROOT'S INTERPRETATION

"The United States Government does not wish and is not attempting to intervene in the Cuban Government. There are no profits to be obtained there nor glories to be conquered, and the United States is beginning to withdraw its troops. Let the Cubans be firmly convinced that this clause is aimed solely and exclusively at the good of Cuba. This clause is simply an extension of the Monroe Doctrine, a doctrine which has no international force recognized by all nations. Cubans accept the Monroe Doctrine, and Clause IIIa<sup>71</sup> is the Monroe Doctrine, but with international force. By virtue of this clause the Euro-

<sup>68.</sup> On March 2, 1904 the United States and Cuba signed a treaty in which the United States, in consideration of the grants of coaling and naval stations at Bahia Honda and Guantánamo, relinquished in favor of Cuba all claim of title to the Island of Pines. The Senate of the United States failed to act upon the treaty, however, until March 23, 1925. It was finally proclaimed March 24, 1925 (U. S. Treaty Series, 709). The delay in ratification was apparently due to the influence of American promoters in the Island of Pines, Jenks, op. cit., p. 147.

<sup>69.</sup> Cf. "The Origin and Purpose of the Platt Amendment," American Journal of International Law, Vol. VIII (1914), p.

<sup>70.</sup> The text in Spanish of this interview was published by the Cuban Government in 1918. "Informe de la Comisión Designada para Entrevistarse con el Gobierno de los Estados Unidos, Dando Cuenta del Resultado de sus Gestiones." Documentos M. Num. 72. Senado Memoria, 1902-1904, p. 465-479. Havana, 1918. The translation is our own. Apparently an official English text of this interview has never been published.

<sup>71.</sup> Clauses III and VI in the Permanent Treaty. Cf. p. 48.

pean nations will not question the intervention of the United States in defense of Cuban independence. The first and third bases preserve the United States from seeming to be the aggressor when it faces other nations to defend the independence of Cuba. These clauses signify, further, that no nation may menace Cuban independence without preparing to combat the United States. Any nation which attempts to intervene in Cuba will have to declare war on the United States, thus becoming the aggressor, a position which gives the United States obvious advantages under international law. This difference in position is of great value and Cubans should not be left in ignorance of the benefits accruing to Cuba. Good diplomacy for a nation consists in commanding such a position that when it becomes involved in a conflict, the other nation shall be the one considered to have violated the law. And the clauses referred to place the United States on the right side of the law with respect to any other nation which may attempt to endanger the independence of Cuba. These clauses do not give the United States greater rights than it had at the time of its recent intervention-rights which it has already exercised. Clause IIIa does not grant new rights, but it does give to the United States better facilities than those inherent in the Monroe Doctrine for the defense of Cuban independence. The letter to General Wood and the telegram with reference to said Clause IIIa The reads both documents] indicate that said clause does not signify either interference or intervention of any sort in the Government of Cuba. And with respect to Clause VIa71 notwithstanding the coaling stations, the United States will be as foreign to the Government of Cuba as it would be without the stations. Intervention in Cuban affairs will be resorted to only in case of great disturbances, similar to those which occurred in 1898, and with the sole and exclusive object of maintaining Cuban independence unimpaired. Intervention will only take place to protect the independence of the Cuban Republic from foreign attack, or when a veritable state of anarchy exists within the republic. This clause does not diminish Cuban independence; it leaves Cuba independent and sovereign under its own flag. The United States will only come to the rescue in extreme cases to help Cuba to preserve its absolute independence, and God grant that this extremity never be presented. It [the clause] may even come to be forever unknown by the masses of Cubans, its existence being known only to students of political history. . . . "

Subject to this interpretation, the Cuban Constitutional Convention agreed on June 12, 1901 to include the Platt amendment as an appendix to the Constitution. The Platt amendment was embodied in a Permanent

Treaty between the United States and Cuba on May 22, 1903. The reciprocity treaty between Cuba and the United States, signed on December 11, 1902, providing for the reduction of duties on products from both countries, was a factor which facilitated the conclusion of the Permanent Treaty.72

In his message of December 1902, President Roosevelt said: "Cuba lies at our doors, and whatever affects her for good or for ill affects us also. So much have our people felt this that in the Platt Amendment we definitely took the ground that Cuba must hereafter have closer political relations with us than with any other power. Thus in a sense Cuba has become a part of our international political system."72a

The article of the Permanent Treaty of 1903 which the United States has most employed is Article III, relative to intervention. The American Government has used this article to throw its influence against revolution in Cuba on at least five occasions. It has also employed this article to protest against certain features of the internal administration of the country.

## ROOSEVELT'S "FORCIBLE INTERVENTION"

The first President of Cuba was Estrada Palma, who was elected in 1902 for four years. During his first term he followed a non-partisan policy, choosing cabinet members irrespective of political affiliations. But in 1905 the President decided to affiliate himself with the Moderate party. By a series of manoeuvers, he manipulated the election law so that the forthcoming elections would be exclusively controlled by the party to which he then belonged. Guards stationed at the polls and election officials in many instances denied Liberals the right to vote in the preliminary election. And in preparation for the final election the government registered at least 150,000 fictitious names.73 Under these conditions, many Liberals declined to go to the polls, and in

<sup>72.</sup> Jenks, op. cit., p. 133. The question is frequently referred to in the report of the Constitutional Committee of 1901. Senado Memoria. 1902-1904 cited. The actual effect of the reciprocity treaty cannot be discussed here, but may be discussed in a later Information Service report.

<sup>72</sup>a. Richardson, J. D., Messages and Papers of the Presidents, Vol. 10, p. 535.

<sup>73.</sup> House Document No. 2, 59th Congress, 2nd Session, II, 453; Hill, op. cit., p. 89.

the final election not a single Liberal candidate was successful.

In the fall of 1905 the Liberal candidate, José Miguel Gómez, went to the United States where he stated:

"... the United States has a direct responsibility concerning what is going on in Cuba. Estrada Palma can continue at the head of the government only by telling the people that in case of disorder or revolution the United States will immediately send troops to chastise the insurrectionists and sustain his power. The United States is under the duty of putting an end to this situation..."

Following the inauguration of President Palma in the spring of 1906 for a second term, a revolution broke out. American commissioners who subsequently went to the Island reported that the cause of the insurrection was to be found primarily in the election. This insurrection could not have been organized that there not been some real feeling of injustice and outrage on the part of the less educated and poorer classes.

By fall the insurrectionists had assembled about 15,000 troops. On September 8 President Palma requested President Roosevelt to send two warships, since the government was unable to protect life and property. President Roosevelt acquiesced, but expressed the opinion that it was "a very serious thing to undertake forcible intervention." And when 125 men were landed in Havana at the request of President Palma and the American Chargé, instructions were wired that no armed force was to be landed "under any circumstances . . . except under order from the Department of State." The American troops were thereupon withdrawn,77

# PROVISIONAL GOVERNMENT IN CUBA

On September 14 the American Consul-General cabled that President Palma and his Cabinet had decided to resign and that the

74. Chapman, op. cit., p. 190. In certain respects the present situation in Cuba offers an analogy to the 1906 situation.

Vice-President refused to accept the office. The Consul-General declared that it would be impossible for the Cuban Congress to meet since no one had the authority to convene it: anarchy threatened Cuba, therefore, unless the United States acted. President Roosevelt decided to send William H. Taft. Secretary of War, and Robert Bacon, Acting Secretary of State, to Havana. The news of this appointment immediately ended hostilities in Cuba. The American commissioners attempted to induce Palma to retain office. They suggested that a new election be held in three months under laws prepared by a commission containing at least one American. Palma nevertheless insisted on tendering his resignation. Despite repeated efforts of the American commissioners. backed by President Roosevelt, to restore Cuban authority, it was finally decided that the establishment of a provisional government by the United States was necessary. The establishment of such a government, with Secretary Taft as Provisional Governor, was announced on September 29, 1906. Taft was supported by a force of about 6,000 men; 18,000 soldiers were en route. The insurgent and government troops now surrendered their arms and disbanded. amnesty to the rebels was granted and political prisoners were released. On October 13, 1906 Charles E. Magoon became Governor. The American occupation remained in Cuba for a period of a little more than two years.

In the proclamation creating this government, it was stated that "in so far as consistent with the nature of a provisional government established under the authority of the United States, this will be a Cuban Government conforming, as far as may be, to the Constitution of Cuba. The Cuban flag will be hoisted as usual. . . . "78 Nevertheless, the Provisional Governor issued a decree suspending meetings of the Legislature on the ground that the Congressional elections had been so tainted with fraud "as to render them illegal." Legislative authority was vested in the Governor.79 American Government appointed the Cuban chief clerk of each department as Secretary of State of that department. As an adviser

<sup>75.</sup> The American Legation in Havana had "foreshadowed" the revolution as early as February. Foreign Relations, 1906, p. 454.

<sup>76.</sup> House Document No. 2, 59th Congress, 2nd Session, II, 456; Hill, op. cit., p. 91.

<sup>77.</sup> House Document No. 2, 59th Congress, 2nd Session, I, 378, 482; Hill, op. cit., p. 94.

<sup>78.</sup> Foreign Relations, 1906, p. 491.

<sup>79.</sup> Annual Report of the Provisional Governor of Cuba, Senate Document 155, 60th Congress, 1st Session, p. 20.

to each Secretary of State, a United States military officer was appointed. Altogether there were eight military advisers to the executive government. In addition, sixteen army officers occupied subordinate positions in the Department of Justice, Claims Commission, and Election Bureau; six officers were in the Department of Public Works, eleven in charge of road work, four in the Department of Sanitation, and eight in the Rural Guard—or a total of fifty-eight. There were also a number of civilians in the government, such as Judge Otto Schoenrich.<sup>80</sup>

The American Government brought about the reorganization of the Cuban Rural Guard by appointing American military officers as advisers to the commanders of the guard. Another officer became Director of the Census. An Election Bureau, headed by Colonel Enoch H. Crowder, supervised Cuban election machinery. Under its auspices, two elections were held in 1908. During the August election the Rural Guards were placed at the disposal of the provincial governors, six in all, who were also American military officers. The actual elections did not, however, take place under any form of military surveillance, although a Cuban policeman was stationed in the vicinity of each poll.81

The American Government apparently had no control over the Cuban courts. Nevertheless, the Governor decreed that offenses of American soldiers and sailors should be tried either by court-martial or by provisional courts set up by the administration. The American occupation established an Advisory Law Commission, composed of nine Cubans and three Americans, and having Colonel Crowder as chairman. It revised many laws of the Island, including an election law.<sup>22</sup>

Magoon was criticized for granting pardons and concessions too liberally and for filling offices with local politicians without with running up a deficit in the government.<sup>83</sup> Large expenditures were defended on the ground that they went into needed public works. After the departure of the provisional government, the Cuban Cabinet cancelled a large number of the concessions Magoon had granted, on the ground that they were "based on profound immoralities." Two American writers have, however, come to the conclusion that the Magoon administration was honest.<sup>84</sup> But one of them, Mr. Jenks, stated that the belief in Cuba that the "second intervention was thoroughly corrupt, is a fact which is of great consequence."

regard to their merit. He was also charged

Following elections in November 1908 and the inauguration of President Gómez,<sup>85</sup> the American forces were withdrawn.

# KNOX AND THE "PREVENTIVE" POLICY

Three years later another situation developed that led to action by the United States. In 1912 the Veteranist organization demanded that the administration remove from office Cubans who had fought on the side of Spain in the war of 1898. After long negotiations between the government and the Veteranist organization over this question, the Veteranists threatened to revolt. On January 16, 1912 the United States dispatched a note declaring that the situation caused the United States "grave concern." The President of the United States looked to the President of Cuba "to prevent a threatened situation which would compel the Government of the United States, much against its desires, to consider what measures it must take in pursuance of the obligations of its relations to Cuba."86 Four days later the association and the government signed an agreement settling the dispute. The last article de-

<sup>80.</sup> Annual Report of the Provisional Governor of Cuba, House Document, 1457, 60th Congress, 2nd Session, p. 102. Apparently these advisers actually administered the departments. Ibid., p. 80.

<sup>81.</sup> Governor Magoon declared: "I believe that at no time or place in all history has there been a purer, quieter or more honest election. They establish conclusively that the Cubans, under proper conditions, can and will conduct proper elections and accept the results." Told., p. 38.

<sup>82.</sup> For the final report of Governor Magoon, cf. Government of Cuba, Supplementary Report, 1908-1909, Senate Document 80, 61st Congress, 1st Session.

<sup>83.</sup> For the Cuban point of view, cf. Roig de Leuchsenring.
"La Enmienda Platt." 29 Cuba Contemporanea, 1822, p. 197,
305. In another paper Roig de Leuchsenring says: "When Commissioners Taft and Eacon intervened in Cuba we did not know administrative corruption. Estrada Palma, with all his political defects, which were great, was an honorable and austere administrator of public affairs. When Magoon and the North American provisional government came, our adhermance of the Consciunction of the Consciunction of the Intervención Nortecuenciana en los Asunos Interiores de Cuba. Havana, 1923.

84 Characteriores de Cuba. Havana, 1923.

<sup>84.</sup> Chapman, op. cit., p. 255; Jenks, op. cit., p. 98. 85. Forcign Relations, 1908, p. 44. The date of withdrawal was January 28, 1909. Gómez had been the candidate against Palma in 1905.

<sup>86.</sup> Ibid., 1912, p. 241.

clared that, with the publication of this agreement, "there will be no justification for any intervention in our internal affairs by the United States, to whose honor and loyalty as well as to its own patriotism the Cuban people trusts its peaceful development."

About the same time the Independent Party of Color, a negro organization, complained that while its existence had been recognized by the Magoon administration, the Gómez administration had debarred it from putting a ticket in the field. The Morúa law, in fact, forbade the formation of a party based on race.87 Leaders of the party had been arrested in the spring of 1910 on the charge of "inciting rebellion," and the government had "indirectly" said that the arrest of these negro leaders had been in obedience to "indications from Washington."88 In January 1912 the Colored party decided to send a delegation to Washington to present their grievances. After the Cuban Government had broken up a meeting of the party, one of its leaders wrote to the American Minister:

"Weary of injustice and abuses, we look to the protection of your government under Article III of the Platt Amendment." 89

Following reports in May 1912 that small parties of negroes had come in conflict with the authorities and that President Gómez would not be able to "guarantee absolute protection" to foreign property, Secretary of State Knox issued a note "in the hope of somewhat steadying the situation and thereby assisting the Government of Cuba to put down the present uprising." This note stated that the United States had ordered several warships and 500 marines to the naval station at Guantánamo, "simply in order that, in case of necessity, protection may be accorded to the Americans in the vicinity."

President Gómez protested that this action "alarms" the Cuban people, and had not been taken as a result of previous agreement between the two governments. The Government of Cuba was "quite capable and sufficiently supported by the valor and patri-

otism of its people to annihilate a few rebels without a cause and without a flag."90

On May 27, 1912 President Taft declared that sending troops to Cuba was not a measure of intervention, but a "precaution." He was "sincerely gratified to learn of your government's energetic measures to put down the disturbances." Reiterating this distinction between "intervention" and the landing of marines to protect foreign interests, Secretary Knox declared:

"This government does not undertake first to consult the Cuban Government if a crisis arises requiring a temporary landing somewhere to protect life and property on the broad principles of international practice."

On June 5 the United States landed four companies of marines. Mr. Knox explained: "This action has been taken as a measure of protection only and not for the purpose of putting down the insurrection, which is clearly the duty of Cuba." He warned that continued failure on the part of Cuba to protect life and property "will inevitably compel this government to intervene in Cuba under and in response to its treaty rights and obligations."

In a long communication of June 8, 1912, the Cuban Minister for Foreign Affairs, Manuel Sanguily, declared to the American Minister, A. M. Beaupré, that the Cuban Government had the "duty to judge the acts of others which so profoundly and absolutely concern us." The Cuban Government had not, he said, failed in "its earnest endeavor ... adequately to protect the lives and property of American citizens"; it was a "notorious fact" that no American property had been destroyed nor had the life of any American "been endangered prior to the landing of the American marines." In fact the Cuban Government had suspended military operations because of the pressure brought by foreign property owners, "with their clamors for protection. . . . "93 Nevertheless, fighting continued and the United States ordered two more warships to Havana.

<sup>87.</sup> Cf. Article 295, Código Electoral, 1919.

<sup>88.</sup> Ibid., 1912, p. 243.

<sup>89.</sup> Ibid., p. 244.

<sup>90.</sup> *Ibid.*, 1912, p. 245, 249.

<sup>91.</sup> Ibid., 1912, p. 250.

<sup>92.</sup> Ibid., pp. 254. The British Minister in Havana declared that unless American or Cuban protection was forthcoming for British nationals, he intended to cable "the Foreign Office in London to urge that representations be made in Washington with a view to having forces of American troops assigned to various British properties in the disaffected districts." p. 256, also, p. 246, 264. Cf. also [Jold., 1917, p. 365.

<sup>93.</sup> Ibid., 1912, p. 258.

A story was circulated in Havana that the United States was going to send a representative "to look into the justice of the negroes' demands" and that if he so advises "the American Government will insist that the negroes be given the upper hand in the government,"94

About this time a representative of President Gómez went to Washington and informed Secretary Knox "that it was particularly important that the Cuban Government itself should put down the insurrection in order to discourage future insurrections based on a hope of provoking American intervention." While Secretary Knox declined to withdraw American naval forces. he issued a statement, June 14, 1912, declaring that the United States had merely acted to protect American life and property, "irrespective of the special relations of the United States and Cuba and unrelated to the possibility of intervention. . . . The spirit of these measures has been well called a 'preventive' policy. . . . " The revolt came to an end in July 1912.

## LANSING AND THE PLATT AMENDMENT

Four years later the United States was again confronted with the question of intervention. In 1916 President Menocal was re-elected to office, despite a promise to hold office for only one term. After an election campaign in which violence was done on both sides, the opinion was freely expressed that the Liberal candidate, Zayas, had won.95 But suddenly local boards stopped sending in returns to Havana and six weeks later it was announced that Menocal had been re-elected. Declaring that the ballots had been tampered with, the Liberals went to the Supreme Court, which upheld their contention. Meanwhile it was discovered that the election packages in the Santa Clara and Oriente provinces had "disappeared." government finally agreed that a new election should be held in these two provinces but declined the suggestion of the Liberals that the United States be asked to supervise the elections or that other impartial machinery for this purpose be established. 96 Be-

94. Ibid., p. 264.

lieving that it would be useless to participate in any elections held under government supervision, the Liberals embarked on a revolt which lasted for about seven months. Meanwhile the Washington government made its attitude known. On January 26, 1917 Secretary Lansing warned against any action which would upset "the extremely good economic conditions" in Cuba.97 On February 13 he referred to the "duties which are incumbent" upon the United States "on account of the agreement between the two countries."98 The United States now sent several warships to Cuba. On February 18 the United States declared that it supported "constitutional government" in Cuba and that it considered armed revolt as a "lawless and unconstitutional act."99

On March 7 Mr. Lansing urged that President Menocal call "constitutional elections" in the Oriente province when the revolt had ceased.100 On March 10 he suggested that peaceful conditions might be sooner restored if General Crowder investigated and adjusted the election question. 101 On March 23 a report that the United States was considering taking steps in behalf of the rebels was denied, and on May 15 Mr. Lansing declared:

"As the Allied Powers and the United States must depend to a large extent upon the sugar production of Cuba, all disturbances which interfere with the production must be considered as hostile acts, and the United States Government is forced to issue a warning that unless all those under arms against the Government of Cuba return immediately to their allegiance it may become necessary for the United States to regard them as its enemies and to deal with them accordingly."102

On May 7, 1917 the Cuban Congress declared Menocal re-elected. American troops were withdrawn from Cuba in 1922.103

The last revolution against "constitutional authority" in Cuba came in April 1924. The revolt was led by the Veteranist organization against President Zayas. While the

<sup>95.</sup> Chapman, op. cit., p. 347, 354.

<sup>96.</sup> Foreign Relations, 1917, p. 387, 388.

<sup>97.</sup> Ibid., p. 351.

<sup>98.</sup> Ibid., p. 356.

<sup>99.</sup> Ibid., p. 363.

<sup>100.</sup> Ibid., p. 378. Cf. also dispatch of March 1, p. 371. 101. On March 2 President Menocal had expressed a willingness to have General Crowder investigate the election question. *Ibid.*, p. 373, 382.

<sup>102.</sup> Ibid., p. 407.

<sup>103.</sup> Chapman, op. cit., p. 388.

diplomatic correspondence between the United States and Cuba covering this period has not been published, the attitude of the United States was made known by the imposition in May 1924 of an arms embargo, which made it illegal for the rebels to secure arms in the United States but allowed the Zayas government to do so. 104 The revolution soon collapsed.

Thus there have been at least five revolutions or attempts at revolution in Cuba since the country gained its independence. In each case the United States has apparently thrown its influence against the revolution. Some times the end has been secured merely by a warning; in other cases, by the actual landing of marines to protect foreign interests; and in the Palma intervention by actually taking over the entire government of the country. The United States has also, under the Platt amendment, gone further than merely attempting to protect foreign interests by the above means.

#### SANITATION

The United States has made representations to the Cuban Government to the effect that Article V of the Platt amendment has not been observed. This article provided that Cuba would execute plans already devised or "other plans to be mutually agreed upon" for the sanitation of cities. The Cuban Congress delayed for two years in adopting the recommendations of President Palma in regard to sanitation, and, following the outbreak of epidemics in 1904, the United States informed the Cuban Government that unless an efficient system of sanitation was carried out before the next quarantine season, the United States would find it necessary to "declare quarantine against Cuban ports." During 1905 the United States made repeated representations to the Cuban Government asking for effective sanitary regulations.105 As a result of these representations the Cuban Government enacted regulations in March 1906 restoring the sanitary rules laid down by the American occupation.

Apparently the United States has interpreted Article V as giving it the standing

right to call insanitary conditions in Cuba to the attention of the Cuban Government. Thus it recently sent notes in regard to the disposition of sewage in Havana. This interpretation has been disputed by one Cuban who asserts that Article V of the Permanent Treaty was fulfilled when Cuba put into force the sanitary regulations drawn up by the American occupation. 107

# FINANCE AND CONCESSIONS

In Governor Magoon's final message, January 28, 1909, he stated that he was directed by the President of the United States to declare that the United States considers that Article II of the Permanent Treaty forbids the Government of Cuba to assume or contract any public debt in excess of, or in addition to, the debt already contracted or authorized.<sup>108</sup>

While the United States has not apparently stood by this interpretation, it has exercised an indirect influence from time to time upon Cuban finance. And on at least one occasion the Cuban Government has requested the aid of the United States in a financial matter. Thus when France, England and Germany jointly made demands upon the Cuban Government in connection with claims of foreigners arising out of the war of 1895-98, the Cuban Government, in a note of February 9, 1912, declared to the United States that "if the Platt amendment and the treaty in which it was embodied give the United States the right to intervene in our country in certain circumstances, those instruments likewise particularly impose upon it the obligation to defend us when those who are stronger than we menace us for reasons that are opinionable and debatable."109 An agreement to arbitrate was subsequently drafted.110

In 1911 the Cuban Government authorized the Cuban Ports Company to perform dredging work in return for revenue secured from tonnage and port dues over a period of thirty years. In a note of June 11, 1912, the American Government raised the ques-

<sup>104.</sup> Chapman, op. cit., p. 478.

<sup>105.</sup> House Document No. 1, 57th Congress, 2nd Session, I, 333, 265; Hill, op. cit., p. 84.

<sup>106.</sup> Luis Machado, La Enmienda Platt, p. 43.

<sup>107.</sup> Ibid., p. 40-42.

<sup>108.</sup> Supplemental Report, Provisional Governor of Cuba,

<sup>109.</sup> Foreign Relations, 1912, p. 281.

<sup>110.</sup> A dispute arose, however, over the procedure to be followed. *Ibid.*, 1913, p. 341.

tion of the "validity of the contract under the Platt Amendment." It protested against the financial part of this concession on the ground that "it seriously affects the ability of the Cuban Government to defray the expenses of administration if deprived of these revenues" for a period of thirty years. Therefore, it was necessary to modify the concession "so that if such revenues are needed at any time during the period of the concession, the Government of Cuba should have the right to terminate it upon terms which are just and fair. . . . "111 The concession was thereupon amended.

In August 1913 President Menocal cancelled the concession held by the Cuban Ports Company, then owned by foreign interests, on the ground that it had been illegally organized. His action was sustained by the Cuban Supreme Court. 112 American State Department protested against this action and expressed fears that "the attitude of the Cuban Government in this matter would seriously impair the credit of Cuba."113 In reply, the Government of Cuba declared that "the so-called Platt Amendment is not involved in this matter." The question at issue was "merely whether the holders of securities of the Cuban Ports Company have or have not any rights in the premises, and if so, what those rights are. a question still to be settled by the courts of Cuba in the suit brought by the bondholders."114

Notwithstanding this protest, the Cuban Government in October 1917 made a settlement which was acceptable to the company. President Menocal declared that the settlement of this question would "contribute in no little part to the better and more expeditious accomplishment of the important bond issue of \$30,000,000 which the Republic needs. . . . "115

Another concession which at first brought forth objections from the State Department was the Zapata swamp concession. In 1912 the Cuban Government granted the rights to certain forests and lands in the Zapata

swamp to the Agricultural Company of Zapata, on condition that it reclaim the swamp for agricultural purposes within eight years. Secretary of State Knox protested that the Zapata swamp concession "seems to be so clearly ill-advised a project, so improvident and reckless a waste of revenue and natural resources, that this government is impelled to express to the Government of Cuba its emphatic disapproval of the same. . . . "116

In reply President Gómez declared that the Platt amendment did not "authorize or signify meddling in internal affairs, subjecting the acts of the administration to control or tutelage: for such a supervision or censorship would be destructive of the independence and dignity of the Republic. . . ."117

Quoting Article III of the Permanent Treaty, Mr. Knox replied:

"Clearly this right of intervention . . . entitles this government to caution the Cuban Government against adopting an improvident or otherwise objectionable fiscal policy on the ground that such policy might ultimately, either by itself or in connection with general conditions in Cuba, produce a situation there requiring the United States to intervene for any of the purposes recited in this article. . . . "118

As a result, President Gómez suspended the decree. Following information that an American contractor was involved in the company holding the concession, that there was little timber in the swamp and that the exclusive purpose of the company was to reclaim the land for agricultural purposes. the State Department withdrew its objections to the Zapata concession as finally amended.119

In 1911 the State Department protested against a concession for a bridge across the entrance to the port of Havana, on the ground that the "project is inadmissibly detrimental to the vital interests of both Governments."120 On June 11, 1913 Secre-

<sup>111.</sup> Ibid., 1917, p. 439.

<sup>112.</sup> Ibid., p. 442. British interests were involved and the British Government solicited the good offices of the United

<sup>113.</sup> Ibid., p. 444.

<sup>114.</sup> Ibid., p. 451. 115. Ibid., p. 455.

States to protect these interests. Ibid., p. 444.

<sup>116.</sup> Ibid., 1912, p. 311. This protest followed a dispatch from the American Minister in Cuba to the effect that the concession could be objected to upon the basis of Article V of the Platt amendment regarding sanitary plans. Ibid., p. 310.

<sup>117.</sup> Ibid., p. 312.

Note of August 15, 1912; Ibid., p. 315. the United States was justified in urging upon the Cuban Government the advisability of "reforming and modifying any objectionable projects in order to guard in every possible way against the eventualities contemplated in this article."

<sup>119.</sup> Foreign Relations, 1912, p. 317; Ibid., 1913, p. 366. Subsequently the Cuban company transferred its rights to a Delaware corporation. The American contractor stated that this transfer had been made in accordance with an agreement with the State Department. The Department replied that it did not recollect such an agreement. Ibid., p. 369.

<sup>120.</sup> Ibid., 1912, p. 376.

tary Bryan stated: "It was not claimed at the time that the Platt amendment gave this nation a right to do more than protest against such an enterprise." He supported, however, the objection which had been made by Mr. Knox. In June 1912 the Cuban Government repealed the bridge concession. In December the State Department declared that in view of changes in the plans of the contractors, it would withdraw its objections. The Cuban Government declined, however, to restore the concession.

When the State Department received news that the Cuban Congress was considering giving British capitalists the Caibarien-Nuevitas railway concession, it telegraphed (March 5, 1912) urging the postponement of action and "emphasizing the burden it would impose on the Cuban Treasury in favor of capital which is neither American nor Cuban."122 The concession involved a subsidy. On May 14 the Department cabled that it could not "give its approval to the railway project" if it understood it correctly. This led the Cuban Secretary of State to say he could not conceive that "in the present legal status of the relations between Cuba and the United States, any Cuban law, and much less any bill. . . . is at any stage pending the approval of the Department of State at Washington."123

Thus the United States has protested against acts of the Cuban Government which might impair the general financial condition of the government.

## ADMINISTRATION OF JUSTICE

A third type of protest, based on the Platt amendment, has been directed against measures relating to the question of justice. In December 1912 the Cuban House of Representatives passed an amnesty bill, applying not only to political offenders but also to ordinary criminals. On January 5, 1913 the State Department declared that the passage of this bill would create the impression that "common crimes were allowed to go unpunished in Cuba" and that "crime

was not dealt with in the manner found necessary in all countries to the adequate protection of life, property and individual liberty." <sup>124</sup>

In the following March, Secretary Bryan repeated the protest. He declared that the bill seemed to be not only

"... an injustice to the American citizens affected, but also to effect such a withdrawal of due protection to property and individual liberty of Cuba as to excite this government's concern. In view of its rights and obligations under the Treaty of Relations of 1903 the Government of the United States expresses its firm conviction that upon final study of this harmful measure the President of Cuba will not permit it to become law." 125

As a result of this protest, the bill was amended so as to free only political offenders.

#### CUBAN CRITICISM

These repeated protests of the United States against Cuban legislation and concessions aroused considerable feeling in Havana. As early as 1908 a Cuban assaulted Mr. G. C. Tarler, a secretary in the American Legation. 126

In August 1912 a journalist, Señor Enrique Maza assaulted Mr. Hugh S. Gibson, Chargé of the American Legation. The United States was particularly unpopular with the Cuban press at this time because it had insisted upon the payment of the Reilly claims arising out of a concession granted by Governor Magoon. Mr. Gibson's assailant had been excluded from the American Legation because of "deliberate and vicious falsehoods" in regard to the policy of the United States. After the assault, the American Government wired that it expected the Cuban Government to "take prompt and energetic measures adequately to punish the offender."127 Following diplomatic correspondence, the Cuban Government asked the Havana newspapers "to cease their campaign of abuse," and Maza was sentenced to imprisonment for two years and six months. In June 1914 the American Minister, William E. Gonzales, informed the State Department that Maza

<sup>121.</sup> Ibid., 1913, p. 376, 380-1.

<sup>122.</sup> Ibid., 1913, p. 381.

<sup>123.</sup> Ibid., p. 383. A dispute subsequently developed in which the British Government contended that the interests of a British company had been violated in favor of a new company. The contention was denied by the United States, and the affair was left by the United States to the Cuban Government. Ibid., p. 405.

<sup>124.</sup> Ibid., p. 355.

<sup>125.</sup> Ibid., p. 358, 362.

<sup>126.</sup> *Ibid.*, 1909, p. 237. 127. *Ibid.*, 1912, p. 269.

was "in reality an irresponsible instrument through which the antagonism of high Cuban officials was expressed." As a result of a letter from Minister Gonzales to President Menocal, Maza was pardoned after serving twenty months of his sentence.<sup>128</sup>

In 1913 the newspaper *Cuba* charged that the American diplomatic representatives in Cuba had enriched themselves through the levying of blackmail and graft. This led the United States to demand "immediate active and adequate prosecution of the persons guilty of the scurrilous and libelous statements." After delays the Cuban Government prevailed upon the editor to retract his charges. 129

In addition to these irresponsible attacks, other criticisms of the American "preventive" policy were made. In March 1913 Speaker Ferrara introduced into the Cuban Congress a resolution for the appointment of a commission to investigate whether the American Government had made demands harmful to the sovereignty of Cuba. The preamble of the resolution referred to "the repeated notes" from the United States in regard to the amnesty bill, etc., and stated that the action of the United States was a "patent violation of the national sovereignty of Cuba." A second motion asked for an authoritative definition of "the true and rightful scope of the Platt Amendment."130

# IMPORTANCE OF FAIR ELECTIONS

The above account would seem to show that the representations of the United States to Cuba have been concerned primarily with the protection of foreign interests and local finance rather than Cuban liberties. Nevertheless, once the provisional government of the United States was established under Governor Magoon, it attempted to remedy

abuses in internal administration and recognized the importance of fair elections. Two elections were held under the auspices of the American administration, while Colonel Crowder was instrumental in securing the enactment of a new electoral law.<sup>131</sup>

In 1917 Secretary Lansing also realized the importance of constitutional elections, but apparently did nothing to bring them about. In 1919 both the leading parties in Cuba united in asking General Crowder to assist in drawing up a new election law. The result was the Crowder Electoral Code, the main provisions of which have already been described. The first test of this code came in the Presidential elections of 1920. When President Menocal threw the weight of his influence back of Alfred Zayas and the Opposition party, the Liberals appealed to the United States. Is In a note of August 30, 1920 the United States declared:

"... the exceptionally intimate relations which exist between Cuba and the United States, the fact that the new electoral law is about to be put to the test for the first time, and the additional fact that the United States can be solicited anew by the Cuban people to decide as to the legality of the election, impose upon the Government of the United States the duty to use all available means to follow the course of the elections in Cuba and so to observe the manner in which the precepts of the electoral law are complied with.

"The Government of the United States does not propose to exercise supervision over the elections in the rigorous sense of the word. However, it is bound by treaty to maintain a government in Cuba which is adequate for the protection of lives and property and of individual liberty. It is therefore opposed unalterably to any attempt which may be made to replace by violence or revolution the process of government. It desires, however, to have it emphatically understood that it is no less opposed to intimidation and fraud in the conduct of elections. . . ."134

<sup>128.</sup> Ibid., 1914, p. 190.

<sup>129.</sup> Ibid., 1913, p. 403, 412.

<sup>130.</sup> Ibid., p. 363.

<sup>131.</sup> Cf. p. 51.

<sup>132.</sup> Cf. p. 41.

<sup>133.</sup> Jenks, op. cit., p. 235.

<sup>134.</sup> Text quoted in Jenks, op. cit., p. 236. The United States maintained semi-official observers at the election. Cf. Spinden, H. J., "Shall the United States Intervene in Cuba?" World's Work, XLI, p. 465.

## CUBA AND CROWDER'S POLICY

The elections were held amidst bitter feelings and they resulted in the victory of Zayas, the government candidate. The Liberals made charges of fraud and took a number of cases to the courts. Meanwhile a judicial decision was delayed, and the date for the inauguration approached. On January 6, 1921 the United States Government, without giving any formal prior notice to the Cuban authorities, 125 ordered General Crowder back to Havana, as the special representative of President Wilson. General Crowder remained in this capacity for about two years, and attempted to correct abuses in the Cuban Government.

He at once made representations in regard to the court decisions as to the validity of the elections. As a result of his representations, the Supreme Court finally ruled that elections in about 20 per cent of the districts had been fraudulent. General Crowder then suggested that new elections be held. The Liberals, refusing to believe that any elections under government auspices would be fair, stayed away from the polls. As a result Zayas was declared elected. The Liberal candidate, Gómez, then went to Washington and asked the United States to establish a provisional government in Cuba for the purpose of supervising an The United States declined the request and recognized Zayas.

In addition to attempting to straighten out the election situation, General Crowder gave advice to the Cuban Government in regard to other problems, notably those connected with financial rehabilitation. October 11 the Cuban Government declared a moratorium, and on November 30, a few weeks before General Crowder's arrival as the special representative of President Wilson, it was announced in Havana that the United States had appointed a former Under Secretary of the Treasury as Cuban Financial Adviser. 136 This was the first time that the Cuban Secretary of the Treasury had heard of the matter, and he thereupon resigned. After a stay of two weeks, the adviser returned to New York.

He charged the Cuban Government \$50,000 for his services and was paid \$15,000.137

In order to straighten out her finances, the Cuban Government sought a foreign loan. But in a note of July 3, 1921 General Crowder advised the State Department to withhold its consent to a loan until Cuba agreed that the American Minister should have the right to inspect the budget and pass on certain finance laws. <sup>138</sup> In October 1921 the Cuban Government finally arranged for a loan of \$5,000,000 with Morgan & Company, subject to the condition that the Cuban Government bring about certain financial reforms. Apparently this loan saved Cuba from default.

In February 1922 the United States asked that the Cuban Government recognize the right of the United States under the Platt amendment to make an investigation of any department of the Cuban Government that it chose. A number of American experts were sent to the Island to investigate the taxation system, banking laws, public works contracts, etc.<sup>139</sup>

In March 1922 General Crowder sent the first of his famous fifteen memoranda which criticized in detail the administration of the Zayas government and called for reform. These memoranda caused the first Zavas Cabinet to resign and led to the appointment of new Ministers, popularly regarded as Crowder's Cabinet. The only memorandum that was published in full was No. XIII.140 This memorandum insisted that Cuba reduce its budget about half; that Cuba make a foreign loan of \$50,000,000 and that a permanent gross sales tax be enacted. It also insisted that the lottery administration be reformed; that grafting officials be prosecuted; and that a banking system under the control of American stockholders and the Federal Reserve Board be established.141 Despite vigorous criticisms, the Guban Congress proceeded to carry out some of these suggestions.142

<sup>137.</sup> Gaceta Oficial, January 31, 1921; Jenks, op. cit., p. 834.
138. The text is printed in Roig de Leuchsenring, Análisis y Consecuencias, p. 19.

<sup>139.</sup> Jenks, op. cit., p. 258.

<sup>140.</sup> This memorandum was published by *Heraldo de Cuba* on August 5, 1922.

<sup>141.</sup> Jenks, op. cit., p. 261.

<sup>142.</sup> Chapman, op. cit., p. 438.

Chapman, op. cit., p. 407.
 Jenks, op. cit., p. 233.

In October 1922 General Crowder returned to the United States. In January 1923 he was appointed the first American Ambassador to Cuba. In April 1923 President Zayas dismissed the so-called "Honest Cabinet," although he had promised the United States to keep them in office "indefinitely."143 One ground for dismissal was that the Ministers were in rebellion against the President. The Heraldo de Cuba declared, however, that the Ministers would not countenance dishonesty, and that if the United States interfered. President Zayas would place his case before the Pan-American Conference in Santiago. 144

Following the appointment of General Crowder as Ambassador and of Mr. Charles Evans Hughes as Secretary of State, the United States abandoned the "preventive" policy,145 As shown above, the United States did, however, impose an arms embargo upon the rebels in the Veterans outbreak in 1924.

On June 20, 1922 the Cuban Senate protested against the Crowder policy in a resolution, part of which declared:

"When the Platt Amendment was considered by the Cuban Constituent Assembly, it was accepted in the light of the interpretation which the Military Governor of the Island, in the name of the President of the United States, gave in his letter of April 2, 1901; i.e., that it was not synonymous with interference or intervention in the affairs of the Cuban Government.

"The Senate declares that the people of Cuba

desire that the action of the United States Government in our domestic affairs conform to the spirit and the letter of the Platt Amendment, as it was set forth in the interpretation above referred to."146

In the preamble to the lottery law of 1923, the Cuban Congress declared that it took this action because of the rumor that if Congress did not pass a law reforming the lottery, the United States would act. The preamble protested against any such threat on the ground that the provisions of the Permanent Treaty had been fulfilled. American intervention would be "illegal" because it was not authorized by the Permanent Treaty and it would be "disturbing" because it would break the strong ties between Cuba and the "Great American Nation,"147

In 1927, when the Pan-American Federation of Labor protested against labor conditions in Cuba, the Cuban Ambassador, Mr. Orestes Ferrara, declared in regard to the Platt amendment:

"I do not understand . . . that there is any authority, no matter how high, that will have any right to judge our internal actions. . . . We believe that we are the only judges of our internal acts. . . . "148

The above account would seem to show that especially between 1909 and 1923 the United States departed from the restrictive interpretation of the Platt amendment made by Mr. Elihu Root in 1901, and adopted what Mr. Knox called the "preventive" policy—the policy of preventive intervention.

<sup>143.</sup> Chapman, op. cit., p. 443.

<sup>144.</sup> Ibid., p. 445.

<sup>145.</sup> Jenks, op. cit., p. 265; Chapman, op. cit., p. 448.

<sup>146.</sup> Text in Machado, La Enmienda Platt, p. 21. For the interpretation of 1901, cf. p. 48. 147. Gaceta Oficial, August 4, 1923. 148. Proceedings, p. 45.

## CONCLUSIONS

Although the interpretation by the United States of the Platt amendment has varied. one principle seems to stand out as a result of the last thirty years; namely, that the United States is "opposed unalterably to any attempt which may be made to replace by violence or revolution the process of government."149 The two most important revolutions-August 1906, and 1917-were caused by the efforts of the President to secure re-election and by the belief that the elections were or would be unfairly controlled. In May 1929 President Machado will start his second term; and the question is whether or not a revolution will occur following Machado's effort to imitate the example of Palma and Menocal.

Under the Platt amendment the government in power at Havana has from time to time stated or implied that it was kept in power by or was in the favor of the United States, 149a while the Opposition. claiming that it could not get a fair hearing at the polls, has frequently taken its grievances to Washington. At least twice in the past the Opposition in Cuba has threatened to start a revolution and deliberately destroy American property, believing this would lead to the intervention of the United States.150 Apparently this Opposition has believed that such intervention would cause the United States to take steps to correct internal grievances and even to hold a supervised election as it has done in Nicaragua.

Under the Platt amendment there are at least two alternatives open to the United States. The first is the continuance of an anti-revolution policy without inquiring into the charges that the existing administration is a dictatorship. It is possible that this policy may lead the Opposition in Cuba to embark on a revolution which would deliberately destroy American property for the purpose of provoking American intervention.

Secondly, the United States could inquire into charges against the internal administration in Cuba and actually supervise elections as it has done in Panama and Nicaragua. Specifically, the State Department could decline to recognize the Machado administration when its second term starts on May 20 unless it agrees to hold a new election in which the Opposition may freely participate. This would be a return to the "preventive" intervention policy and would undoubtedly meet the opposition of the Cuban Government,151 on the ground that this policy violates the Root interpretation of the amendment.152 Intervention by the United States even for a "humanitarian" purpose might also be attacked abroad on the grounds of "imperialism." Nevertheless, the United States possesses a treaty right of intervention in Cuba which it does not possess in any other Latin American country, except Haiti.153

Although Estrada Palma consented to the intervention of the United States in 1906, the Cuban Government in the majority of cases has disputed the interpretation and application of the Platt amendment by the United States. On January 5, 1929 Cuba and the United States became parties to the Pan American arbitration treaty which provides for the arbitration of differences arising out of the "interpretation of a treaty." If the United States attempts to intervene in Cuba under the Platt amendment in the

<sup>149.</sup> Note of August 30, 1920, p. 57.

<sup>149.</sup> Note of August 30, 1920, p. 57.

149a. It was alleged that in 1921 the United States through General Crowder protested against the proposed amendment increasing the Presidential term to six years, but apparently did not protest in 1927. Cf. p. 39. In a speech at Santa Clara, President Machado declared: "I can assure you upon my word of honor as President of the Republic that if I had all too short but that it was necessary that I should be all too short but that it was necessary that I should be all too short but that it was necessary that I should be provided to the short but that it was necessary that I should be provided to the short but that it was necessary that I should be provided to the short but that I show tha

<sup>150.</sup> Foreign Relations, 1912, p. 258. In March 1917 Commander Hewitt forwarded a declaration of rebel leaders to the Sceretary of the Navy stating that these leaders were now respecting American lives and property but "if the United States does not intervene, they state they intend to start a wholesale campaign of destruction..." They understood the gravity of the course but "were willing to go to any lengths to obtain a justly elected government." Ibid., 1917, p. 389.

<sup>151.</sup> President Machado has already protested against the attempts of the Opposition to secure the intervention of Washington. Cf. p. 39.

Washington. Cf. p. 39.

152. The question of whether or not the United States is bound by the Root interpretation may be open to argument. For a similar question arising out of the "interpretations" to the Anti-War Pact. cf. "The Anti-War Pact. cf. "The Anti-War Pact. cf. The That War Pact. Calvo, te Post the Latin American jurist, Calvo, recognized that intervention might take place by virtue of a treaty. Ch. Calvo, Le Droit International, Vol. I, p. 269. Joint intervention for humanitarian affairs has taken place in certain countries in the past. Buell, International Relations, p. 213. But the difficulty with inter-American intervention in Cuban affairs would be that certain American governments have been charged with being dictatorships, and it is unlikely that they would agree to act against Cuba out of fear that the same procedure might be applied against themselves.

future and if Cuba denies the existence of conditions upon which the United States bases its intervention, will it be possible for Cuba to refer the difference to arbitration ?154

Finally the United States might terminate the Platt amendment and allow revolutions to take place in Cuba, subject to the use of armed force by the United States only to protect foreign lives. If such a policy led to the destruction of foreign property, the Cuban Government would be expected subsequently to make compensation for such destruction. Such a policy would allow the Cuban people to work out their own salvation as did the American people between 1775 and 1783,155

On the initiative of Dr. Ferrara, a Cuban delegate, the Sixth Pan American Conference adopted a convention on treaties containing a provision that if one party to a convention believed that its provisions had lapsed, the difference would be referred to arbitration. This treaty may authorize Cuba to place before an international tribunal the question of whether or not the Permanent Treaty of 1903 has lapsed in accordance with the principle of rebus sic stantibus. 156

#### CUBAN CAMPAIGN AGAINST PLATT AMENDMENT

Since 1918 the Cuban Government has made an effort to have other governments recognize Cuba upon the basis of complete equality. When the American Senate declined to ratify the Treaty of Versailles, the Cuban Government felt that it had an opportunity of demonstrating its freedom from the United States. Consequently it ratified the treaty and became a Member of the League of Nations.157

In 1921 the League of Nations elected Dr.

154. This is the argument made by one Cuban writer relative to Article 17 of the Covenant. L. Machado, La Enmienda Platt, Chapter XI.

Antonio Sánchez de Bustamante of Cuba as one of the Judges of the Permanent Court of International Justice. In 1923 Dr. Cosme de la Torriente of Cuba, was elected President of the League of Nations Assembly. At the Sixth Assembly of the League of Nations (1925) Señor Cortina, head of the Cuban delegation, distributed a pamphlet in English, French and Spanish on the "International Ideals of Cuba," in which it was stated that the Platt amendment has as "an essential base the maintenance and defense of the independence of Cuba." Any application of the treaty that injured the sovereignty of Cuba "is an infraction of the treaty."158

In a speech before the Latin American representatives at the Seventh Assembly. Mr. Cortina declared that Cuba would not consent to be elected then as a non-permanent Member of the Council. It was reported that Cuba took this action following a suggestion from the State Department at Washington. But in a reported statement to the press159 the State Department denied it had brought any pressure on Cuba, and Señor Cortina also made a denial. 160 At the same time he declared that the Permanent Treaty was a "treaty of guarantee" similar to the Locarno and other guarantee agreements. In 1927 Cuba was, however, elected a nonpermanent Member of the Council of the League of Nations.161

Havana was the meeting place in January 1928 of the Sixth Pan American Conference and of the Second International Migration Conference in May 1928. President Coolidge paid Cuba the compliment of visiting her shores and in his address opening the conference he stated:

"Today Cuba is her own sovereign. people are independent, free, prosperous, peaceful, and enjoying all the advantages of selfgovernment. . . . They have reached a position in the stability of their government, in the genuine expression of their public opinion at the ballot box and in the recognized soundness of

Platt, Chapter XI.

155. The annexation of Cuba by the United States is left out of account. In 1907 Governor Magoon wrote: "During the first three months of the provisional administration there was considerable discussion of the advisability of bringing about the annexation of Cuba to the United States, or the establishment of a protectorate. . . In spite of the oft-repeated assurances to the contrary, a large number of Cubans fear the annexation of Cuba by the United States over the Island. . . . "Annual Report of the Provisional Governor of Cuba, 1907, p. 31.

<sup>756. &</sup>quot;The Sixth Pan American Conference," Part II, In-formation Service, Vol. IV, No. 9, p. 193. 157. Dr. Cosme de la Torriente, "Las Relaciones de Cuba y Los Estados Unidos," Revista de Derecho Internacional. June 30, 1928, p. 271.

<sup>158.</sup> This letter is published in J. M. C. la Liga de las Naciones, Havana, 1926, p. 54. Cortina, Cuba y

<sup>159.</sup> La Prensa, (Buenos Aires), September 18, 1926.

<sup>180.</sup> In a letter of October 31, 1927 to Professor Seelle who had published an article to the effect that the United States had advised Cuba not to take a seat on the Council. Cf. Scelle, "Le Bilan de la Septième Assemblée de la Société des Nations," Revue Politique et Parlementaire, Vol. CXXIX

This election was attacked in France because of attachment of Cuba to the United States by means of the Platt amendment. Guilaine, "Les responsibilités Americaines à Genève" Le Temps, November 3, 1927.

their public credit that has commanded universal respect and admiration."162

A number of Cuban leaders, such as Dr. Cosme de la Torriente<sup>163</sup> and Dr. Orestes Ferrara have asked for the modification of the Platt amendment.<sup>164</sup> The Cuban Society of International Law has asked that the Permanent Treaty of 1903 be converted into a "treaty of alliance." <sup>165</sup>

In his election manifesto of September 1924, Mr. Machado declared that the Permanent Treaty should be modified and that its termination should be secured under the best conditions possible. <sup>166</sup> He repeated these views in an address before the American Arbitration Society in New York, April 27, 1925. <sup>167</sup> In an address at Santa Clara, December 1928, he referred to Cubans who went to Washington to protest, and declared:

"They merely secure derision when they go to Washington and are not recognized by the Secretary of State. . . . They will recognize that the Platt Amendment no longer exists in Cuba

... because they will know that this republic is able to safeguard its independence and that in fact the Platt Amendment does not exist, because there is no reason to apply it." 158

During the Constitutional Convention of May 1928 a resolution was introduced to strike out the Platt amendment from the Cuban constitution, but it was not adopted.<sup>169</sup>

Finally, the suggestion has been made that Cuba be placed under some such international guarantee as the declaration of 1815 gave Switzerland. Any intervention in Cuban affairs would, under such a treaty, presumably have to be undertaken jointly by the guarantors. It may be argued that Cuba's membership in the League of Nations already gives her an international guarantee, and that in case the United States should attempt to intervene in Cuba against the wishes of the government and without some international sanction, the Cuban Government could invoke the provisions of Article 17 of the Covenant.

<sup>162.</sup> Report of the Delegation of the United States of America to the Sixth International Conference of American States, p. 64.

<sup>163.</sup> Cosme de la Torriente op. cit., p. 271. Cf. also his Discursos, p. 74.

<sup>164.</sup> Cf. an article reprinted from La Revue de VAmérique Latine, reprinted in Gerardo Machado y Morales, Sus Discursos y Su Obra de Gobierno, Vol. 1, p. 18.

<sup>165.</sup> Discursos, op. cit., Vol. II, p. 61.

<sup>166.</sup> Diario de la Marina, September 10, 1924.

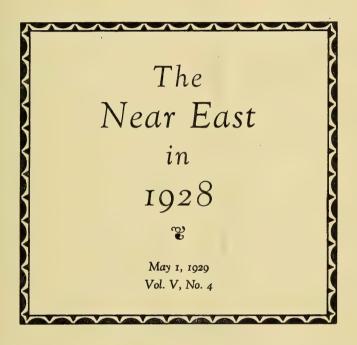
<sup>167.</sup> Discursos, Vol. I, p. 103.

<sup>168.</sup> Diario de la Marina, December 31, 1928.

<sup>169.</sup> Diario de la Marina, May 3, 1928.

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# THE NEAR EAST IN 1928

by

ELIZABETH P. MACCALLUM with the aid of the Research Staff of the Foreign Policy Association

#### INTRODUCTION

TEN years after the close of the World War the relative political advancement of the various countries of the Near East offered an interesting study in contrasts. Turkey, which lost more of its territory and prestige during the World War than any other country in the Near East and which in the early post-war months was closer to despair than any of its Near Eastern neighbors, now had achieved a position of political independence which made it pre-eminent among them all. Capitulations, and the extrateritorial privileges which went with them, had long since been abolished; foreigners no longer controlled the country's financial policies: a system of treaties with foreign powers gave Turkish Nationalists a sense of having achieved a new prestige in the eyes of the West, and there was now in progress within the country itself a social transformation which was expected in time to permit Turkey to identify itself completely with the civilized Western world.

In Persia, where westernization was also believed to be an indispensable part of the process of maintaining political independence, experiments in social reform by legislation had begun. The attempt to get rid of unwelcome foreign interests had been less successful here than in Turkey, although the abolition of capitulations in 1928 was a long step toward the realization of Persian ambitions in this respect, since it eliminated certain restrictions on budget-making and on the activity of Persian law courts which had been a source of extreme irritation to the nationalist government.

Egypt, whose economic and political prospects in 1922 had seemed much brighter than those of either Persia or Turkey, failed signally to achieve by 1928 the practical emancipation from outside control which its inhabitants desired. Even with the aid of

Great Britain it proved impossible to abolish capitulations. And even with an overwhelming Nationalist majority in Parliament it proved impossible to persuade Great Britain to withdraw its troops from Egyptian territory. There seemed to have been no progress toward the goal Egyptians had in view. Egyptian politics were likened to a morass. In 1928, for the second time in five years, Parliament was suspended and the Premier and his Cabinet assumed responsibility for the direction of public affairs.

In the mandated territories, too, political advancement varied. Iraq had reached the point of demanding responsibility for its own defense, and was working toward an early application for membership in the League of Nations. Palestine had no such prospects for the immediate future, since it had not yet even acquired a legislature of its own. In Syria a constitution was being evolved; in the Lebanon a constitution had been in effect two years, while in Transjordan the experiment of representative government was yet to be tried.

Independent Arabia, meanwhile, primitive in its social organization, vigorous in its acquisitive tendencies, was harassing the southern borders of British mandated territories. It was evident that even if Iraqis and Palestinians had given up immediate hope of establishing an Arab Confederation, the restless Wahhabis of Central Arabia were not beyond believing in the efficacy of an expansionist policy, and set few limits to their ambitions.

A survey of political developments in the Near East in 1928, then, must be in large part a study of the reaction which association with European powers has produced in the countries lying between the Black Sea, the Persian Gulf, and the Eastern Mediterranean. A few of the chief developments

of the year in these regions are recorded in the pages that follow.

#### ARABIA

Arabian affairs, usually passed over almost in silence by the American press, occupied unwonted columns of space in western newspapers during 1928 because of repeated incursions of Arab tribesmen from Nejd into Iraq and Transjordan-territories under British mandate which adjoin Neid on the north. The repeated raids gave rise at one time to a temporary alarm that Sultan Abdul Aziz Ibn Saoud, ruler of Neid and the Hedjaz, was about to proclaim a holy war against Iraq and Transjordan, intending to send his Wahhabi (Puritan) tribesmen to overthrow the latitudinarian Shiahs and the orthodox Sunnis who were his neighbors. The alarm, featured in the western press, soon proved to have been false, but it served to awaken public interest in Arabian boundary disputes which otherwise might have been accorded scant attention.

The raids of 1928 were not the first which disturbed the mutual relations of Ibn Saoud and the British Government. Raids had been occurring at intervals ever since Great Britain undertook to exercise a mandate on behalf of the League of Nations in Transjordan and Iraq. In fact they had always been one of the features of desert life in this region, as in most parts of Arabia where scanty water-supply discouraged agriculture and permanent settlement.

# TREATY PROVISIONS RE BOUNDARIES

But it was only natural that the raids in northern Arabia should arouse more discussion than those occurring in the heart of the country, because the latter usually had only a local significance, while the former have been the source of repeated international complications. The Ojair Protocols to the Treaty of Muhammarah definitely established in May 1922 the boundary separating the dominions of Ibn Saoud from those of his enemy's sons—King Faisal of Iraq and the Emir Abdullah of Transjordan. Since that time it has been less easy for the governments concerned to treat raids in this area indulgently on the ground of their

being a normal and inevitable feature of desert life. They have become instead an object of more or less anxious consideration and of special international agreement.

The first of the Ojair Protocols to the Treaty of Muhammarah, determining the boundary between Iraq and Nejd, contained an article which made the following significant provision:

"Article 2. Whereas many of the wells fall within the Iraq boundaries and the Najd¹ side is deprived of them, the Iraq Government pledges itself not to interfere with those Najd tribes living in the vicinity of the border should it be necessary for them to resort to the neighbouring Iraq wells for water, provided that these wells are nearer to them than those within the Najd boundaries."

This article should be read in conjunction with the one which follows it:

"Article 3. The two Governments mutually agree not to use the watering places and wells situated in the vicinity of the border for any military purpose, such as building forts on them, and not to concentrate troops in their vicinity." 2

The articles of a subsequent treaty—the Bahra Agreement of November 1925—made the following additional provisions:

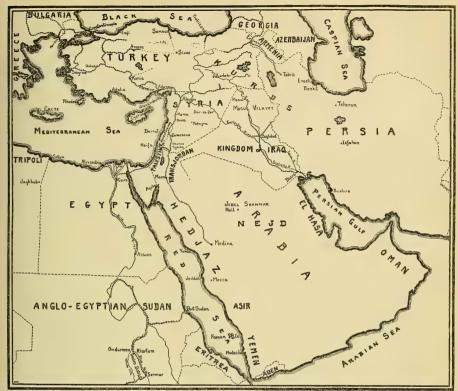
"Article 1. The States of Iraq and Nejd severally recognise that raiding by tribes settled in their territories into the territory of the other State is an aggression which necessitates the severe punishment of the perpetrators by the Government to which they are subject and that the chief of the tribe committing such aggression is to be held responsible.

"Article 2a. A special tribunal shall be set up, by agreement between the two Governments of Iraq and Nejd, which shall meet from time to time to enquire into the particulars of any aggression committed across the frontier between the two States, to assess the damages and losses and to fix the responsibility . . . The decisions of this tribunal shall be final and executory, . . .

"Article 2b. When the tribunal has fixed the responsibility, . . . and issued its decision in that respect, the Government to whom those found guilty are subject shall execute the aforesaid decision in accordance with tribal customs, and shall punish the guilty party in accordance with Article 1 of the present Agreement. . . .

Alternate form of Nejd.

Great Britain, Colonial Office, Report on Iraq Administration. April, 1922-March, 1923, p. 183.



Prepared by the Foreign Policy Association

#### THE NEAR EAST

"Article 6. The forces of Iraq and Nejd may not cross the common frontier in pursuit of offenders except with the consent of both Governments."<sup>3</sup>

## MUTUAL CHARGES OF TREATY VIOLATION

Violations, actual or alleged, of each of the above articles of agreement brought certain issues to a head in 1928, especially as between Nejd and Iraq. The British authorities during 1927 had been carrying out a plan to erect in southern Iraq a series of police posts at various oases for the maintenance of order in the region. Ibn Saoud early protested that this was a violation of Article 2 of the Ojair Protocol and demanded

the demolition of the posts. There was no response to his demand. In November 1927 a raiding party from Neid under the leadership of a renowned Wahhabi warrior. Faisal ud-Dawish, attacked the Busaiyah police post about seventy miles north of the boundary and killed its occupants. Other raids followed, both on Iraq and on Koweit -an enclave on the Persian Gulf whose Sheikh was in special treaty relations with Great Britain. The British authorities did not take steps to have the affair brought before a boundary tribunal of the sort provided for in the Iraq-Nejd treaty, but sent out units of the Royal Air Force instead to search for the marauders and to punish them. Air force and ground troops were concentrated at Ur about 100 miles from the Neid boundary. British armored cars

Agreements similar to these between Nejd and Iraq were also made between Nejd and Transjordan. Cf. Great Britain, Colonial Office, Agreements with the Sultan of Nejd regarding certain questions relating to the Nejd-Transjordan and Nejd-Iraq Frontiers. (Cmd. 2566.)

and airplanes crossed the boundary; the latter dropped bombs on Nejd territory, inflicting a certain number of casualties.

British authorities defended this violation of Article 6 of the Bahra Agreement by contending that the situation called for immediate action. And because Ibn Saoud, from his capital, Riyadh, almost a two-weeks' journey to the southward, had been either unwilling or unable to undertake the immediate punishment of Faisal ud-Dawish, the British authorities maintained that there was no other effective way to restore order and security in southern Iraq than the one they chose.

Tribesmen of northern Nejd had their own view of the issues involved in the disorders. They complained that raiders came down into their territory from Iraq quite as often as they themselves made raids on Iraq territory. Moreover, it was a notorious fact that when Ibn Saoud had taken steps to punish his own vassals for raids on Iraq, some of them had fled back across the border into Iraq, where they had been welcomed and given a base from which to carry out raids into Nejd territory where they had formerly lived. For this they had not been punished by the Iraq authorities.

The Neidis were disinclined to accept the British explanation that it was to prevent the latter sort of raid that the police posts were being built in southern Irag. They still appeared to bear the boundary agreement a grudge for having cut their tribes in two, for having deprived Nejdis of their customary watering places and for having left them insufficient pasturage and drinking water for dry years. The fortifications even of such an oasis as Busaiyah, seventy miles or so north of the boundary, seemed to them a direct infringement of their rights. The raids of November and December 1927 were in part a protest against this alleged infringement of their rights. They were in part, also, a direct retaliation for former Iraqi raids into Nejd territory.

During the first week of March 1928 several Nejd bands raided British mandated territory again, with lateral expeditions into Koweit as well. British marines landed in Koweit and British airplanes, tanks and armored cars were mobilized along the southern boundary of Iraq and Transjordan. Sensational reports emanating from Basra in Iraq told of how several Neid tribes had made attacks at widely separated points along their thousand-mile northern boundary. Equally sensational reports were current of the damage inflicted by British bombing airplanes on flocks and herds near Wahhabi encampments, and of the number of casualties the encampments themselves had suffered. But war was not actually declared. Instead, Ibn Saoud succeeded in the end in restraining his vassals and declared that he was desirous of holding a conference with British representatives with a view to clearing up border difficulties.

# INEFFECTIVE ATTEMPTS TO TERMINATE RAIDS

For this purpose, Sir Gilbert Clayton, who had acted as British emissary in 1927 during negotiations leading to the Anglo-Hedjaz Agreement of Jiddah, revisited Ibn Saoud in May 1928. Ibn Saoud insisted upon demolition of southern Iraq police posts on the ground that their maintenance violated the Ojair Protocol; he asked that the concentration of troops at Ur be discontinued, and that a stop be put to anti-Neid propaganda in Iraq, where certain officials were suspected of exploiting the Wahhabi bugbear for no other purpose than to ram conscription down the throats of an unwilling populace. The Iraq authorities, on their side, were willing to recognize the sovereignty of Ibn Saoud over the Kingdom of Hediaz.4 and to restrain former Neidis now settled in Iraq from carrying out raids into Neid territory; they were also willing to forego claims for damages to Iraqi life and property growing out of Wahhabi raids; but they refused to demolish their police The Jiddah Conference, suspended for a few weeks in June and July, thus broke down completely in August. Following the Anglo-Iraq refusal to demolish any of the police posts, Wahhabi tribesmen committed further depredations in August. The border remained insecure through the remainder of the year.

<sup>4.</sup> This sovereignty had already been recognized by Great Britain in the Anglo-Hedjaz Agreement of 1927.

That Ibn Saoud was anxious to maintain a correct attitude toward his northern neighbors was frequently hinted, but his position during the greater part of the year was at best ambiguous. It was not until November that he summoned to his headquarters in Riyadh a great gathering of tribal chieftains to declare that his policy was a peaceful one. His silence up to that time was attributed by some to political pressure at home. As a Wahhabi ruler possessing spiritual as well as temporal power, he was expected to devote himself to the extension of the Puritan faith. whether by missionary effort or by force of arms. But recently he had permitted a lull to supervene in the expansionist movement in which he had achieved such phenomenal success in earlier years. He had not accorded Faisal ud-Dawish the moral and military support to which that zealous Wahhabi leader was deemed by his followers and sympathizers to be entitled. Expressions of dissatisfaction grew more and more frequent. This dissatisfaction, coupled with the ambiguity of his position in the eves of the British, caused Ibn Saoud to call the Riyadh Conference, during the course of which he asserted the principle that peace should be maintained on the northern boundary. He threatened in the presence of the tribal sheikhs to resign in favor of anyone the conference might designate unless they all subscribed to the principle he had propounded. His coup de théâtre was successful. The sheikhs unanimously requested him not to give up his position and undertook to respect his policy. Means for consummating that policy, however, still remained to be determined.

Ibn Saoud's intention to maintain peace on the borders of his dominions seemed to be nowhere clearer than in the case of the southern frontier. Relations between himself and the Imam Yahva, ruler of the Yemen, although they were strained throughout 1927, improved during 1928—if only to the extent that rumors of impending conflict grew less frequent. The relaxation of this strain may have been due in part to the fact that the ruler of the Yemen was preoccupied during 1928 with an attempt to gain possession of certain inland towns belonging to the British protectorate of Aden. There was desultory fighting in the interior of Aden, and no very clear indication of whether the British would finally decide to propitiate the Imam or whether, on the contrary, they considered it worth while to preserve the nominal integrity of so loosely organized a hinterland as that which was involved in the dispute. A tendency toward conciliation became apparent in September. about the time that a Soviet trade delegation arrived in the Yemen, but the Imam's troops by this time were already driven out of the town of Dhala which they had occupied in February. British anxiety to prevent the Imam from entering into treaty relations with Soviet Russia bore no fruit, for on November 1 a treaty of friendship and trade was actually signed by Soviet and Yemenite representatives.5 This news was all the more unwelcome in London because Great Britain itself had failed in an attempt to negotiate a special treaty with the Yemen in 1926, although the Italians had succeeded where Great Britain had failed. News of the Russo-Yemen treaty, coming as it did hard upon the heels of disorders in Afghanistan which seemed to affect British and Russian interests in a particular sense, did nothing to lessen British suspicion of Soviet designs upon the British Empire. That the Imam's new treaty with Russia was a feather in the Soviet cap no one doubted; but whether it would have any immediate practical effect upon the position of the Yemen was not so clear.

#### TERRITORY UNDER BRITISH MANDATE

IRAQ

Throughout 1928 the chief anxieties of the Iraq Government concerned Wahhabi raids on the southern border, the unsatisfactory character of relations between Persia and

Iraq and the difficulty of placing Anglo-Iraq relations on a basis agreeable to both parties. Of these three problems, the last was in many ways the most difficult, since there was bound up with it the whole question of

<sup>5.</sup> Soviet Union Review, March 1929.

<sup>6.</sup> Cf. p. 64-66.

how Iraq was to achieve in practice the independence which in theory Great Britain had already said it was willing to recognize.

An Anglo-Iraq treaty, signed in London on December 14, 1927 by Jaafar Pasha, then Prime Minister of Irag, had been an attempt to meet this problem. But the treaty was greeted with no very great enthusiasm in Iraq itself,7 and Jaafar Pasha, who had negotiated it, resigned early in January 1928 to make way for a new government under the leadership of Abdul Muhsin Beg as-Saadun. The latter, since he had not been connected in any way with the treaty negotiations, was free to deal with the instrument as circumstances dictated. He approached the task with deliberate caution. Professing a greater interest in the economic development of Iraq than in its immediate political problems, he dissolved Parliament on January 19 and called for new elections, which resulted in a considerable strengthening of his following.8 Throughout the election period, while the press carried on a vigorous campaign against the treaty, the Prime Minister maintained a discreet silence on the subject and when Parliament convened on May 19 it learned that he would not submit the treaty for ratification at all during that session. Neither did he do so during the subsequent session, convened on November 2. Negotiations with the British authorities over subsidiary financial and military agreements, which were resumed late in the fall of the year and on the success of which ratification of the new treaty depended, eventually reached an impasse. On January 21, 1929, the Muhsin government resigned, without having succeeded in reaching the desired agreement with Great Britain.

Revision of the financial and military agreements of 1924 turned out to be difficult because of the very decided divergence of views on important points in each. The chief difficulties arising out of the financial agreement concerned ownership of the railways built in Iraq by the British during the war and registration of port lands at Basra.

7. Cf. F. P. A. Information Service, Vol. III, No. 26, March 2, 1928.

Considerably more serious than these difficulties, however, was the dispute over revision of the military agreement of 1924. This had provided that the Iraq Government should accept full responsibility for the maintenance of internal order and for the defense of the country by the year 1928 at the latest.10 The governments of both Jaafar Pasha and Abdul Muhsin Beg wished to introduce conscription in the country as a means of insuring this military self-sufficiency. But the British authorities did not support the conscription scheme; and because it met with active opposition among certain important elements of the Iraq population, the entire year passed without a formal discussion of it in Parliament, although a draft conscription bill was circulated among deputies for their consideration during the autumn recess.

The Muhsin government maintained, in spite of the trouble it was having with Wahhabi raids in the south, that the Iraq forces were now quite sufficient for the defense of the country and that if Great Britain wished to maintain armed forces of its own in Iraq for the protection of British economic and political interests, then the British exchequer should bear the entire cost of maintaining such forces. The British authorities insisted, on the contrary, that Iraq should meet the difference in cost between maintaining British troops in Iraq and maintaining them at home in England -an expense which Abdul Muhsin Beg refused to ask Iraq to bear. And neither the Prime Minister of Iraq nor the British authorities would recede from their respective positions. Whether or not an agreement would be reached when Sir Gilbert Clayton took over the High Commissionership in Iraq it was too soon to say, for although Sir Henry Dobbs resigned in 1928 his successor did not reach Baghdad until March 1929.

## MISUNDERSTANDINGS WITH PERSIA

Iraq's disputes with Persia caused a good deal of acrimonious discussion both in Baghdad and in Teheran. Echoes of such discussions were heard also at Geneva, when a

<sup>2, 1928.
8.</sup> Government supporters, 70; Opposition, 10; Independent, 8.
9. Permanent Mandates Commission, Minutes of the Fourteenth Session, p. 166-167. The Iraq Government was not ready to pay as high a sum for the railways as Great Britain wished to receive. Great Britain objected, moreover, to the registration of port lands at Basra in the name of the Iraq Government until the latter had paid all its debts.

<sup>10.</sup> League of Nations, Treaty Series. Vol. XXV, p. 104.

Persian delegate introduced the subject while mandates were under consideration at a meeting of the Sixth Committee of the Assembly of the League on September 14 and 15.11 In an exchange of remarks between the Persian and British representatives on the Sixth Committee a number of mutual grievances were aired and almost two months later, when Mr. Bourdillon of the High Commissioner's office in Baghdad presented to the Permanent Mandates Commission the British view of the situation, an even fuller treatment of the subject was given.12 In these statements the reasons were discussed for Persia's continued refusal to recognize the Government of Iraq. The chief reason given for this was that Persians did not enjoy judicial privileges which Iraq accorded to Americans, Japanese and nationals of certain European powers which had formerly been accorded capitulatory privileges in the Ottoman Empire.13

The contention of the Iraq Government was that since the former arrangement between Persia and the Ottoman Empire had been reciprocal, it could not accord special privileges to Persian nationals in Iraq unless Persia would accord similar privileges to Iraqis in Persia. But since Persia had just abolished capitulations, a reciprocal arrangement of the sort was not to be expected.

British and Iraqi opinion opposed the Persian demand for extra-territorial privileges not only because reciprocity in the matter was out of the question but because of a belief that Iraq courts were fully as efficient as those of Persia and because the number of Persian nationals in Iraq was so great that if Persian consular jurisdiction were recognized the judicial system of Iraq would suffer severely.<sup>14</sup>

Persians complained of hardships suffered

by their nationals in Iraq, of an alleged intolerance shown by the Iraq population toward Persians, and of heavy taxes which, they said, burdened the poverty-stricken descendants of Persian pilgrims in the Shiah holy cities of Iraq. British authorities discounted these and other charges, giving illustrations which tended to show that Shiah Persians invariably had recourse to Shiah courts, and that the taxes levied on Persians were neither discriminatory nor excessive.

In view of the traditional hostility of Persians and Arabs, adjustment of difficulties outstanding between Persia and Iraq—including questions of customs, consular representation, border incidents and international cooperation—was not expected to be easy.

### ANTI-ZIONIST SENTIMENT

That Arabs in Iraq, whether Nationalist or not, were watching the establishment of a Jewish National Home in Palestine with an unfriendly eye was given unfortunate illustration when a hostile mob collected outside of Baghdad to waylay Sir Alfred Mond. a distinguished British Zionist, when he came to that city from Jerusalem on February 10. Sir Alfred Mond avoided difficulty by entering the city from an unexpected direction; leading demonstrators were severely dealt with by the authorities. several students being expelled from the schools in which they were studying. It is interesting to note in this connection that a bill authorizing the flogging of student disturbers of the peace was passed by the Iraq Parliament soon afterward, but the law was subsequently revoked.

### ECONOMIC PROSPECTS

Fulfillment of prospects for a considerable economic development in Iraq still waited upon the completion of the country's transportation system. The Iraq Government was approached by a British firm which suggested the construction of a railway line from Baghdad to Haifa. This proposal seemed to offer promise of much more satisfactory returns to Iraq than would the completion of the last link of the former "Baghdad Railway" in the north (Mosul to Nisi-

<sup>11.</sup> League of Nations, Journal of the Ninth Ordinary Session of the Assembly, No. 12, p. 204, and No. 13, p. 217.

<sup>12.</sup> Permanent Mandates Commission, Minutes of the Fourteenth Session, p. 176.

<sup>13.</sup> Persian nationals in the Ottoman Empire had enjoyed immunity from search except in cases where Turkish police had previously notified the Persian consul and were accompanied by the dragoman of the Persian consulate. Turkish nationals in Persia enjoyed a similar immunity. Persians wished to benefit by the arrangements made in the Anglo-Iraq Judicial Agreement for the appearance of foreigners in Iraq courts, their choice of judges and the attendance of consuls at hearings when questions of personal status were under consultation of the Thirtieth Session of the Council, p. 1345 and 1598; also League of Nations, Treaty Series, Vol. XXXV. p. 132-4.

<sup>14.</sup> For a detailed discussion of difficulties arising out of dual nationality of Persians in Iraq, cf. Permanent Mandates Commission, Minutes of the Fourteenth Session, p. 172 and

bin), since the latter line passed through Syria and Turkey, while the former would reach the Mediterranean by a more direct route through British mandated territories. But no contract for a Haifa-Baghdad line was actually granted.

The Turkish Petroleum Company continued during 1928 to find indications of an extraordinary oil supply in the Mosul region, and secured from the government a five-year extension of the period allotted to it for selecting its original holdings, totalling 192 square miles, before other oil companies might enter the field.

On August 4 it was announced that a Near East Development Company had been formed in the United States to act as agent for the participation of five American companies in the work of the Turkish Petroleum Company. This action marked both the termination of a long-standing dispute between European and American members of the Turkish Petroleum Company and heralded the beginning of active participation by American interests in the exploitation of Mosul oil.

Meanwhile a pipe-line survey party worked westward from Baghdad in the spring, reaching the capital of Transjordan in May. But since both Haifa and Beirut were contestants for the pipe-line terminus on the Mediterranean, the survey was not actually completed. Neither was construction begun in the year under review.

### TRANSJORDAN

A long-awaited agreement between Great Britain and Transjordan was concluded in Jerusalem on February 20, 1928. It provided for the exercise of legislative and administrative powers in Transjordan by His Highness the Emir through such constitutional government as was to be determined by the Organic Law. British advice, however, was to be followed not only in questions of foreign policy but also in matters of finance, matters affecting the interests of foreigners, control of troops for the defense of the country, the granting of concessions, exploitation of natural resources, the construction and operation of railways and the raising of loans. A British Resident was to represent His Britannic Majesty in Transjordan, since the High Commissioner for Transjordan-on account of his dual office as High Commissioner for both Palestine and Transjordan—regularly resided at Jerusalem. Pending ratification by the British Parliament and by a prospective Constituent Assembly at Amman, this agreement had only a provisional character, but its negotiation constituted none the less an important event in the development of mandatory administration, since it was the second case in which a mandatory power had entered into treaty relationship with a mandated territory as a means of fulfilling its obligations to the League of Nations under Article 22 of the Covenant.

The only other case in which this policy had been adopted was that of Iraq-a much more populous, cultivated and advanced country than Transjordan. Primitive conditions in Transjordan made members of the Permanent Mandates Commission wonder whether it was wise for Great Britain at this stage to transfer to the Emir Abdullah as a "constitutional monarch" the powers of legislation and administration entrusted to the British Government itself by the League of Nations.15 Although it was the purpose of the Covenant to encourage self-government in the territories under Class A mandate, it was still a fact that Article 1 of the mandate for Palestine and Transjordan had attributed to Great Britain, as mandatory, full powers of legislation and administration. Had Great Britain then the right to delegate these powers to its ward without first consulting the League?

The British Government thought it had, since Article 4 of the new agreement with Transjordan provided that the Emir should adopt all such measures as were required by the terms of the mandate and that he should refrain from adopting any measures which would hinder their fulfillment. The British authorities argued, moreover, that the presence of a British Resident at Amman and of British advisers in the administration generally would guarantee fulfillment of the above stipulation. The provisional agreement with Transjordan, they said, neither invalidated nor replaced

<sup>15.</sup> League of Nations, Permanent Mandates Commission. Minutes of the Thirteenth Session (June 1928), p. 42 ff.

the mandate. On the contrary it implemented the mandate. And the League had already empowered Great Britain to organize government in Transjordan as it saw fit, providing only that the terms of the mandate, agreed upon in August 1922, were fulfilled.

In this respect, it is interesting to note, the Transjordan treaty differed from the Iraq treaty. The latter made no mention of a mandate; in fact in the case of Iraq there existed no "mandate" in the documentary sense, inasmuch as the draft mandate prepared in 1920 by the British Government had been superseded by the Anglo-Iraq treaty itself, and inasmuch as the League Council had accepted this treaty as giving effect directly in itself to the provisions of Article 22 of the League Covenant.

The experiment in Transjordan of permitting a treaty to co-exist with the specific terms of a mandate was thus a new departure in the administration of a mandated territory.

Nationalists in Transjordan and beyond denounced the Emir Abdullah for his acquiescence in the February agreement, believing that he had lost an excellent opportunity to win something more for Transjordan than the mere shadow of responsible government. It was true that in the preamble to the new agreement there was a statement to the effect that Great Britain was prepared to recognize the existence of an independent government in Transjordan under the rule of the Emir. 16 It was true, also, that in this respect the Transjordan agreement went further than the original Iraq treaty, which made no mention of independence and only a passing reference to Iraq's national sovereignty. But the Nationalists anticipated no very early translation of this theoretical principle of independence into terms of actual administrative practice in Transjordan, professing to see in the new agreement only a move to expedite the realization of British ambitions in this region, whatever those ambitions might be. These views they placed formally before Sir John Chancellor, the new High Commissioner for Palestine and Transjordan, when he visited Amman in December, but without any immediate practical result.

#### PALESTINE

A new milestone was reached in 1928 by those whose immediate business it was to promote the establishment of a Jewish National Home in Palestine. Up to this time the responsibility for Jewish settlement in Palestine had been borne by the World Zionist Organization; but five years of negotiation with leaders of non-Zionist Jews now resulted in the actual adoption of a policy which made collaboration between Zionists and non-Zionists possible. The way for this agreement had been prepared in January 1927, when a Joint Palestine Survey Commission was arranged for by leading Zionist and non-Zionist Jews-a commission which was to make a thorough investigation of past colonization activities in Palestine with a view to determining the effectiveness of the policies hitherto followed by the Zionist Organization. This commission, composed of four prominent Zionists and non-Zionists,17 visited Palestine in 1928, and, after studying a series of comprehensive technical reports prepared by neutral experts, met in London in June to draw up a statement outlining the policies which they believed the reorganized Jewish Agency ought to follow if the collaborating Zionists and non-Zionists were to achieve the success for which they hoped. The resolutions formulated by the Joint Palestine Survey Commission were endorsed in principle by the World Zionist Congress in Berlin in July 1928 and accepted subsequently by non-Zionists at a meeting in New York in October.18 The general executive of the World Zionist Organization decided in December that the way was now clear for actual reorganization of the Jewish Agency in 1929 on lines which would permit all Jewry to participate in the establishment of the National Home in Palestine.

More than one group of Zionists feared that the inclusion of non-Zionists in the Jewish Agency on the proposed basis was dangerous. Some of these pointed to the skepticism with which the Joint Palestine Survey Commission seemed to regard some

<sup>16.</sup> For text of the agreement, cf. Near East and India, April 5, 1928, p. 427.

<sup>17.</sup> Mr. Felix Warburg and Dr. Lee K. Frankel of the United States; Sir Alfred Mond (Lord Melchett) of England; Dr. Oscar Wassermann of Germany. For abstract of recomnendations of this commission of. Appendix, p. 62.

18. For considerations which led to cooperation with the Zlonist organization of representative Jewish groups hitherton and the Commission of the Commissio

Non-Zionist Conference concerning Palestine held at the Hotel Biltmore, N. Y., October 29 and 21, 1928.

of the sentimental and philanthropic aspects of past settlement activity in Palestine, and prophesied that if the reorganized Jewish Agency was going to insist only upon the "sound economic principles" of which the commission made so much it might do incalculable injury to the Zionist ideal itself. Jewish labor groups, meanwhile, resented the report of the commission because it condemned experiments in communal settlement and recommended that hereafter experiments of this sort should be abandoned and individual initiative and sound cooperative institutions be encouraged instead.

Arabs in Palestine, who formed over threefourths of the population, had not yet become complacent concerning the establishment of a Jewish National Home in their midst. Some of them had begun to feel, however, that a policy of political non-cooperation was not the most effective way of opposing it, as they had been inclined to believe a few years before when they had rejected an opportunity to join with Palestinian Jews in electing a representative government. An All-Palestine Arab Congress in June 1928 cabled a demand for self-governing institutions to the British Colonial Secretary and to the League of Nations. This congress could no longer claim to speak for the entire Arab population of the country, for some had begun to regard the policies of the congress as extreme. But there were many Arabs even outside the congress who objected to taxation without representation and to the existing system of government by administrative ordinance. 19 Accordingly Arab groups made representations to the retiring High Commissioner, Lord Plumer, before he left Palestine the end of July after a three-year tenure of office, and to his successor, Sir John Chancellor, upon his arrival in Jerusalem. The latter gave his petitioners no immediate hope of securing parliamentary government, however, replying that he would take up the matter with the Secretary of State for the Colonies when he next visited London in the summer of 1929.

# WAILING WALL INCIDENTS

Latent animosity between Arab and Jewish elements of the population came to a head in September and October over incidents which occurred in Jerusalem at one of the Holy Places which has frequently been the scene of similar clashes in the past -namely, the Wailing Wall, sacred to Jews because it is the only part of the ancient Temple still remaining and to Moslems because the Mosque of Omar is built above it. The first of this year's incidents occurred during the Jewish services on the Day of Atonement, when police forcibly removed a partition dividing men from women worshippers.20 The interruption occurred at the most solemn moment of the service and caused general confusion and hot indignation. A month later it was the turn of the Jews to protest against the erection by Moslems of a small building on top of the Wailing Wall. A few Moslems attacked a group of Jews at the Wailing Wall about the same time and two Arabs were imprisoned as a result.

These incidents aroused Jews and Moslems both in Palestine and outside to a high pitch of excitement. Delegations called upon Mr. H. C. Luke, the Acting High Commissioner, with protests and conflicting demands. Both parties claimed that their rights with respect to the Holy Places had been violated. There were public demonstrations, and numerous appeals to the League of Nations and the British Government. Article 14 of the Mandate for Palestine provided that a special commission should be appointed by the mandatory to study, define and determine rights and claims in connection with the Holy Places,21 but in view of the extreme delicacy of the question and the state of opinion in the country the mandatory authorities had not yet been able to appoint such a commission, and even at the end of 1928 there seemed

<sup>19.</sup> Draft ordinances were published in the Official Gazette and often revised by the High Commission on the basis of protests or suggestions of responsible Palestinians before their actual coming into effect. Some draft ordinances were withdrawn entirely if opposition to them was strong enough—on the analogy of the relinquishment in 1928 of a plan to impose duties on merchandise entering the country from Syria—a plan which was strongly opposed by Palestinian merchants.

<sup>20.</sup> The principle had already been established that Jews should not attach furniture to the parement before the Wailing Wall lest this should lead in time to new claims of Jewish property rights in the area. Moslems of the vicinity were vigitant and complained to the authorities whenever they observed any innovations at the Wailing Wall which might conceivably be construed as an attempt to establish new property rights. Eritish authorities ordered the removal of the screen to prevent an outbreak on the part of Moslem extremists.

<sup>21.</sup> League of Nations, Official Journal, August 1922 (Part II), p. 1009.

no prospect of immediate appeasement of rival ambitions.

The economic condition of Palestine was the object of at least as much anxious attention, however, as racial and political conflicts. The depression of 1926 and 1927 had begun to lift, but there was still much distress, and scanty rains only added to the difficulties of agriculturists. The financial policy of the Palestine administration came in for criticism on several points, all of which cannot be referred to here. Dissatisfied persons pointed out that only 2.67 per cent of the entire budget was set aside for the direct encouragement of agriculture, which, as the basic industry of Palestine, deserved, in the their opinion, a greater share of the annual appropriation. With a surplus of £P1.500.000 (almost \$7.500.000) remaining from former years, something more might be done, they suggested, to hasten the return of prosperity in agriculture. The railroads, for example, which were built originally to serve strategic purposes, were so located that they failed to pass through some of the richest agricultural regions in Palestine. A railway deviation project sponsored by the High Commission, was intended to remedy this situation in part; but the scheme had to be abandoned (temporarily at least) for lack of funds. About the same time the Palestine administration paid into the British Treasury £P210,800 (over \$1,000,000) in consideration of a deficit carried over from the days of the military administration before the Palestinian mandate was established. Palestinians maintained that the British Government might at least have postponed its demand for reimbursement until after the railway deviation project had been carried out and other necessary measures taken for the restoration of prosperity in Palestine.

The administration was generally commended, however, for two fiscal reforms whose effect became apparent in 1928: (a) a tariff reform exempting raw materials from duty and protecting Palestinian manufactures from outside competition, and (b) the revaluation of urban property and scrapping of an outworn Turkish system of taxation of urban properties. Revenues in 1928 were at once larger than in 1927 and more equitably distributed. But on account of heavy extraordinary expenditures amounting to £P820,164 (about \$4,000,000).22 there was a budgetary deficit of £P711.265 (about \$3.500,000) for the first ten months of the calendar vear.

Only preliminary work was yet being done on the Dead Sea concession, the Rutenberg electrical concession and the Haifa harbor project, but there was general hope that unemployment would be relieved as soon as construction work was at its height, and that the end of extreme economic depression was in sight.

### TERRITORY UNDER FRENCH MANDATE

In the Republic of Greater Lebanon, the Jebel Druze and the State of West Syria—three of the four States into which the French authorities have divided the Class A mandate entrusted to their administrative control—affairs moved along without spectacular incident during 1928, although in Greater Lebanon experiments were tried in altering the size of the Cabinet and in landling the local sectarian problem which deserve fuller treatment than can be given within the limits of the present review.

Syria, the largest of the four small States in French mandated territory, spent the year in constitutional struggles. It had emerged from a two-year rebellion in 1927; in 1928, because of the alteration of French policy which the rebellion induced, Syrians were able for the first time to apply themselves to the practical task of setting up a representative government of the sort they had been demanding ever since French troops drove the Arab government of the Emir Faisal out of Damascus in 1920 and replaced it with an administration of the French authorities' own making.

The present High Commissioner, M. Henri Ponsot, prepared the way for the first really general election in Syria with his customary thoroughness, and succeeded in winning at least the temporary confidence and cooperation of the Nationalists. His success stood in marked contrast to the failure of his predecessor, Senator de Jouvenel, whose impetuous decision to hold elections in January

<sup>22.</sup> Including the \$1,000,000 referred to above,

1926—while rebellion was still in progress and while martial law was still in force in Damascus—had resulted in disturbances and deportations and only haphazard voting in the few districts where a Nationalist boycott did not affect the entire population.

High Commissioner Ponsot did not permit elections to be held until April 1928, after martial law had been abolished and amnesty extended to all but about fifty of the Nationalist leaders. He proclaimed a new electoral law and entrusted the actual carrying out of the elections to a new government under a Damascene notable, Sheikh Tai ed-Din. The latter, although not a thorough-going Nationalist, was a person believed to be less obnoxious to the majority of Nationalists than the former Prime Minister, Damad Ahmad Namy Bey, who was generally suspected of too great dependence upon the French, primarily because he had consented to accept office at their suggestion at a time when the Nationalists were in open rebellion.

# CONTROVERSY OVER DRAFT CONSTITUTION

The Constituent Assembly elected in April 1928 was made up of seventy deputies, some twenty of whom were extreme Nationalists—men of influence who could be counted on to sway almost all of the remaining fifty deputies to vote in favor of any policy they adopted. The assembly was convened on June 9. It appointed a committee, under the chairmanship of Ibrahim Hanano (an amnestied rebel leader from Aleppo), to draw up a constitution for Syria. By the end of July a draft was ready.

But early in August, a week after the draft constitution was published, the High Commissioner announced that he would have to reserve six of the proposed articles because they conflicted with the international commitments of France, being contrary to the spirit and letter of the mandate. The articles to which he took exception were as follows:<sup>23</sup>

 Article 2, providing that the Syrian territories detached from the Ottoman Empire should constitute an indivisible political unit and that the divisions which had been created therein since the Great War were not to be taken into account. $^{24}$ 

- Article 73, giving the President of the new Syrian Republic power to grant individual pardons and to the legislature the power of granting general amnesty.
- 3. Article 74, giving the President treaty-making power and providing that none of the more important classes of treaty should become effective until ratified by the Assembly.
- 4. Article 75, giving the President power to name the Prime Minister and to appoint diplomatic representatives to foreign countries and receive foreign diplomats accredited to Syria.
- 5. Article 110, giving the legislature power to enact a law organizing a Syrian national army.
- 6. Article 112, giving the President power to declare martial law, subject to ratification by the legislature.

The Constituent Assembly, maintaining that these articles were necessary to the welfare of the country, refused to accept the High Commissioner's reservations. So. to avoid deadlock and to permit friendly negotiations on the disputed articles, M. Ponsot suspended the sittings of the Constituent Assembly until November 11. The scene of discussion shifted at the end of August to Paris, whither M. Ponsot and several Nationalist leaders repaired to consult the French Government itself and to continue their conversations. Here no agreement was reached, however, and the reopening of the Constituent Assembly was postponed for another three months, or until February 11. 1929. M. Ponsot returned to Syria in December. Meanwhile the attitude of the Permanent Mandates Commission, made clear at its thirteenth session in Geneva (June 1928), encouraged the French authorities in their refusal to accept the draft constitution as it stood. The commission had warned the French authorities that although it expected them to educate Syria for self-government as rapidly as possible, it also expected them to retain a great enough degree of authority so that they would be fully able to direct and superintend Syria's evolution—a sine qua non in the fulfillment of their obligations toward

<sup>24.</sup> This might be interpreted as a claim of sovereignty over the Jebel Druze, the Alaouite State and certain terricries lying half-way between Damascus and Beirut now under the jurisdiction of the Lebanese Republic; or, more broadly, it might even be interpreted to include Transjordan itself where, curiously enough, an agitation for unification with Syria began to be apparent about the time the Constituent Assembly in Damascus began its work,

<sup>23.</sup> Cf. Le Temps, October 22, 1928, p. 1, and The Syrian World (New York), September, 1928, p. 46.

the League of Nations. It was asserted during the discussions of the commission that the French authorities must maintain the right to intervene in Syrian affairs whenever their responsibility for the good administration of the country necessitated such intervention. They must not sign away to their ward all power of control over the government until Syria was truly able to govern itself.25

No solution of the constitutional dispute was arrived at before the conclusion of the year. French Socialists on November 30 demanded in the Chamber of Deputies that Syria be granted full self-government and that France withdraw from the country as a measure of economy; but the motion was defeated by 380 votes to 200, the Premier having asserted that if France withdrew, another more imperialist country might assume control in Syria-a country which might not fulfill its duties as a mandatory power with the same "magnificent disinterestedness" as France.

Meanwhile a monarchist movement was developing within Syria. This won support, however, only from the personal followers of the various aspirants to the hypothetical Syrian throne. Public security was better assured than at any time since the outbreak of rebellion, although banditry was reported again in the Damascus district in the latter part of the year, and although a few unpleasant attacks occurred on the persons of individuals who happened to be involved in political controversy.

In its foreign relations Syria had no special difficulties except in one instance. The delimitation of the Turco-Syrian boundary had been interrupted in 1927 by a dispute concerning the disposition of certain territories on the extreme northeastern frontier of Syria, into which a large number of Turkish Kurds were said to have moved recently. The dispute remained unsettled throughout 1928. Members of the boundary commission, in conformity with the terms of the Franco-Turkish treaty of May 1926, submitted their dispute to a Danish arbitrator, General Ernst. The Turks failed. however, to recognize the validity of General Ernst's decision, which favored the French contention; and many of the inhabitants of the disputed territory evacuated it in anticipation of further difficulties in the region, which had been under actual occupation by Turkish troops for some time.26

As in Palestine, insufficient spring rains in Syria resulted in unsatisfactory summer crops and considerable distress among the poor during the fall and winter. Economic conditions in general were, nevertheless, somewhat better in the mandated territory than they had been during the disturbed years immediately preceding.

change and to instruct the ignorant. A lit-

eracy campaign was inaugurated. All adults

under sixty-five years of age who were un-

able to read or write were required to attend

night schools until they were able to pass

literacy tests. A strictly phonetic system,

it was perhaps easier for young children to learn than the adapted Arabic charac-

### TURKEY

A spectacular development in the westernization process in Turkey occurred in 1928 when the Angora Government decided to scrap the Arabic alphabet, in use ever since the conquest of Asia Minor by the Turks, and to adopt the Latin alphabet in The change was spectacular chiefly because of the rapidity and thoroughness with which it was introduced. It was first endorsed by the President in July 1928. By the end of October, after two months' notice, all government employees were compelled to use Latin characters exclusively. By December 1 newspapers were no longer permitted to appear in Arabic type. The President of the republic by precept and example encouraged all citizens to support the

ters formerly in use; but to adults it offered a number of difficulties. This fact did not deter the authorities, however, from undertaking to reduce illiteracy in Turkey from 80 or 90 per cent to 10 or 20 per cent in the course of a few months. Another important item in the westerni-

zation process attracted much less attention

<sup>25.</sup> League of Nations, Permanent Mandates Commission, Minutes of the Thirteenth Session, p. 183, 217.

<sup>26.</sup> League of Nations, Permanent Mandates Commission, Minutes of the Thirteenth Session, p. 175-6. Also Bulletin of International News, November 24, 1928.

than the substitution of Latin for Arabic characters. This was the amendment of the Constitution, by a unanimous assembly vote, so as to complete the separation of Church and State in Turkey. From Article 2 was deleted the assertion that the religion of the Turkish State is Islam, and in Article 16 the form of oath to be administered to deputies in the assembly was altered to read "I swear on my honor" instead of "I swear before God. . . . "

Jews, upon whose freedom of movement restrictions had been placed in 1927 after a clash between certain Jews and Moslems in Constantinople, were now given permission to travel once more. But Armenian and Greek Christians were still denied similar privileges. Restrictions which prevented Christians from travelling in the interior were retained for political reasons, however, and not because of religious discrimination. It was the policy of Angora not to permit the infiltration into Anatolia of racial minorities which might serve as nuclei of disaffection in the future.

The religious propaganda law, meanwhile, remained in full effect. An interesting case involving the interpretation of this law was brought into the Turkish courts when three American teachers in a mission school at Broussa were charged with converting minors from Islam to Christianity. The fact that the young converts in question entered into religious discussions voluntarily and outside of school hours was not held to absolve the teachers from blame under the existing law. Two appeals to higher courts brought no reversal of the original verdict. The school remained closed and nominal sentences were imposed on the teachers.

A new departure of the government was the publication in October 1928 for the first time of a volume containing all official statistics available concerning Turkey. It was announced that similar reports would be published annually.

Ratification of the Ottoman public debt settlement by the Grand National Assembly late in the year necessitated increased appropriations for foreign payments in the 1928-29 budget. The additional burden was dreaded by citizens upon whom the weight of taxation already pressed heavily. They

were accordingly pleased to discover when the budget was published that appropriations for national defense were being reduced while appropriations for public works had been raised. The government still wrestled, however, with very difficult economic problems. Plans were made for the creation of a State bank and a return to the gold standard, but neither of these objects was actually accomplished in 1928. There were difficulties, too, about concluding an agreement with a new company, in connection with the railroad contract which had first been granted to a Belgian concern and then cancelled. Negotiations were entered into with an American firm, Fox Brothers International Corporation, for construction of this line and one other (totalling 750 miles in length) and of two modern harbors. one on the Mediterranean at Mersine and the other on the Black Sea at Samsun. The only actual contract signed by this corporation before the close of the year, however. related to the construction of car and locomotive works, station buildings, a bridge and a water-pipe line. Meanwhile, Swedish and German firms proceeded with the construction of other railway lines intended to open up the interior of Anatolia to a brisker trade.

### RELATIONS WITH FOREIGN POWERS

Turkey continued during 1928 to seek the friendship of foreign powers (particularly of western powers) and to extend its system of treaties. For the first time it sent its Foreign Minister, Tewfik Rushdi Bey, to a general international conference at Geneva when it was invited, at the suggestion of Russia, to participate in the work of the Preparatory Disarmament Commission in April.

At the close of the conference Tewfik Rushdi Bey engaged in conversations with the Greek Foreign Minister concerning naval disarmament in the Aegean and the Sea of Marmora. For a time it appeared to be not unlikely that improved relations between Greece and Turkey would make an accord possible before the close of the year. But the perennial dispute over details of the work of the Mixed Commission on the Ex-

change of Populations<sup>27</sup> brought friendly negotiations to a standstill at the end of November and Premier Venizelos, who had planned to visit Angora in December, cancelled his trip.

Negotiations with Italy fared better. The way was prepared for a treaty by the conversations which Tewfik Rushdi Bey had with M. Mussolini on his way home from Geneva, and on May 30 a neutrality, arbitration and conciliation pact was actually signed.28 The pact was the first agreement of the sort which Turkey had concluded up to this time with an ex-enemy power. It marked the passing of a fear of Italian aggression upon the Turkish mainland-a fear which had long troubled the Angora authorities and the Turkish inhabitants of the western and southern coasts. Friendly messages. sent by M. Mussolini to Mustapha Kemal Pasha on the occasion of the unveiling of the latter's statue in Constantinople and after the visit to Turkey of 1,000 young Fascisti. served to increase the feeling of mutual cordiality. So, too, did the announcement in October that Italy had decided to return to Turkey more than 100 pieces of classic statuary excavated in the province of Adalia during the Italian occupation in 1919. Italy undertook, moreover, to act as mediator between Greece and Turkey, and when M. Grandi, Italian Deputy-Minister of Foreign Affairs, visited Angora in December it was understood that he did so with a view to bringing the two countries closer to an accord.

Other treaty negotiations entered into by Turkey during 1928 included:

- (a) Negotiations with Bulgaria for a treaty of non-aggression.
- (b) Negotiations with Hungary for a treaty of neutrality and arbitration.
- (c) Negotiations with the United States for treaties of arbitration and conciliation.

The only eastern power with which Turkey actually concluded a treaty during the course of the year 1928 was Afghanistan. Already bound to each other by a treaty of perpetual friendship, the two countries renewed their expressions of mutual regard in a ten-year treaty of friendship, mutual support and non-aggression, signed at Angora on May 25 during the visit of King Amanullah.<sup>29</sup> The treaty provided, among other things, for the dispatch of Turkish military, judicial and scientific experts to Afghanistan.

With Russia Turkey's relations continued to be cordial, in spite of the existence in Turkey of Soviet propaganda for which the authorities were always on the alert. Several arrests brought the propaganda question to the fore from time to time. The closing of Arcos, a Russian trading company in Constantinople, was generally presumed to have been due to pressure from Angora and to be a result of alleged propagandist activities.

Troubles on the Syrian frontier<sup>30</sup> and difficulties with Greece were thus the two chief exceptions to a general statement that Turkey's relations with foreign countries were continuing to improve steadily.

### **PERSIA**

In Persia the determination of Reza Shah to build up a new national independence and a new economic strength for his country expressed itself during 1928 both in a relentless pressure upon ultra-conservative elements within the country and in a successful demand for non-interference of foreign powers in certain phases of Persian public life.

Emulating in some respects the westernization policy of Mustapha Kemal Pasha in Turkey, Reza Shah courted the displeasure of the powerful Shiah clergy by extending facilities for female education and by publishing decrees permitting women to appear unveiled, even in public places—such as theatres and restaurants—from which they had formerly been debarred. Further decrees, supported subsequently by Parlia-

<sup>27.</sup> For illustrations of the difficulties encountered by this commission, cf. Permanent Court of International Justice, Interpretation of the Greco-Turkish Agreement of December 1st, 1926. (Series B, No. 16, August 28, 1928).

<sup>28.</sup> This was subsequently ratified by the Grand National Assembly in September 1928.

European Economic and Political Survey, May 15-31,
 1928, p. 590. Also The Near East and India, June 7, 1928,

<sup>30.</sup> Cf. p. 75.

mentary action in the last week of the year, forced all Persian men outside the ranks of the clergy to wear European clothing, with military caps substituted for hats.

As a modest provision against the permanent economic exploitation of Persia by foreign interests, 100 Persian students were sent by the government to study in European engineering schools and colleges, while foreign technical advisers were employed in Persia itself to establish various industrial enterprises destined eventually to become thoroughly Persian—such as a cement factory, a paper factory, ironworks and other similar plants. Still more important was the establishment of six provincial normal schools, one of their special features being the facilities they were to offer for the study of physics and chemistry.

To a country as deeply devoted to tradition as Persia, these innovations, both individually and in their cumulative effect. constituted a shock strong enough to elicit violent response. There were repeated outbreaks. In April the mountaineers of Luristan killed the Minister of Public Works while on a tour of inspection. In October Arab tribesmen in southwestern Persia near Ahwaz killed six officials who were disarming the inhabitants and forcing them to adopt European clothing. In the Tabriz region in northern Persia there was also open disaffection. Persian troops were brought into each of these areas to restore order. But the most serious uprising of the year occurred in December in the southeast, where a powerful leader. Dost Mohammed. raised the standard of revolt and terrorized the countryside, poisoning wells and defying the authority of the Shah generally.

Persia, which has not been on the main highways of world travel since the Cape route to India began to be used, has had much less contact with the outside world than Turkey in modern times. A much smaller proportion of its women are educated than is the case in Turkey; the hold of the clergy upon the people is stronger; and there is no national railway system. These and other elements in the Persian situation made it considerably more difficult and more dangerous for Reza Shah to introduce reforms by administrative decree and

legislation than it was for Mustapha Kemal Pasha to do so in Turkey.

The Persian Government continued to encourage improvement of facilities for transportation and communication in Persia. Commercial flying was considerably extended, especially in the north. In the first six months of 1928 mail planes of the Junkers Company (German) covered more than 44.500 miles over Persian territory-a distance equal to 90 per cent of the flying mileage for the entire preceding year. Motor transportation also increased. It was railway construction, however, which commanded chief attention. Begun under government auspices in 1927, the building of a 1,000-mile trans-Persian railway from Khur Musa (now Bander Shahpur) on the Persian Gulf to Bander Gaz (now Bander Shah) on the Caspian Sea was entrusted in April 1928 to a syndicate of American, French and German firms. Their contract called also for the construction of a combined railway bridge and irrigation dam at Ahwaz in one of the cotton areas and for the development of port facilities at either terminus of the line. Work proceeded in both north and south simultaneously. In mid-December the first shipload of rails arrived at Bander Gaz for the German section of the road in the north. The work of construction was expected to continue for at least five years before the road could be completed.

# ABROGATION OF CAPITULATIONS

An even more emphatic illustration of Reza Shah's determination to raise Persian national life to a new level was the successful abrogation on May 10, 1928 of the capitulations, whereby for precisely 100 years Persia had granted extraterritorial privileges to westerners within its boundaries. The restrictions placed upon Persian law courts and upon Persian tariff autonomy by the treaty powers had proved especially galling to the new Shah because they were at once a badge of inferiority and a permit for foreign interference in Persian fiscal policies. Since 1921 when Russia voluntarily renounced the special rights given it by the Russo-Persian treaty of 1828, there had been more eagerness than ever in the Persian capital to throw off the unpopular treaty restrictions. But Turkey proved to be the only treaty power which followed Russia's example voluntarily. The remaining treaty powers, such as France, the United States, Great Britain and Germany, waited until the Shah's government denounced the capitulations before they entered into new treaties with Persia on a basis which did not provide extraterritorial privileges for their nationals.

There had been some anxiety in Persia as to whether Great Britain would acquiesce in the unilateral abrogation of the capitulations by the Persian Government. The latter took the precaution, accordingly, to withhold permission from the Imperial Airways, Ltd. to route its Cairo-to-Karachi air service across Persian territory as originally planned. When it became clear that the British Government would relinquish the extraterritorial rights of its nationals in Persia the Teheran authorities agreed in principle to permit British planes to fly over Persian territory, although certain other of

its misunderstandings with Great Britain had not yet been cleared up. In December 1928, a law was promulgated at Teheran specifying the conditions under which foreign airplanes might use airdromes in the three chief Persian cities on the Persian Gulf.

With tariff autonomy thus assured, the Persian Government set to work to evolve a new financial policy with the assistance of the German and Swiss experts engaged to replace Dr. A. C. Millspaugh and the American Financial Mission, several members of which withdrew from Persia in 1927.

An event which gratified Persians considerably was the election of their country to one of the three non-permanent seats on the Council of the League of Nations which became vacant in 1928. When the Persian representative was welcomed to the Council in September the chairman pointed out that this was the first time a Moslem State had enjoyed such an honor.

### **EGYPT**

# ANGLO-EGYPTIAN RELATIONS

In January 1928 Egyptians were preoccupied with curious speculation as to what was contained in the draft treaty negotiated in London during the latter half of 1927 by Premier Sarwat Pasha and Sir Austen Chamberlain.<sup>31</sup> It was not until February 27 that Sarwat Pasha presented the draft to his Cabinet. Up to that time secrecy was observed as to its terms, while Sarwat Pasha attempted to secure from Sir Austen Chamberlain written assurances as to the interpretation that would be placed by the British Government upon certain clauses of the proposed treaty.

Sarwat Pasha proved to be right in his contention that, without the assurances for which he asked, the Wafd, or Nationalist party, would refuse to consider the draft treaty at all.

The instrument was designed "to give precision to the relationship between the two countries by resolving and defining the outstanding questions at issue which formed the subject of the [British] reservations . . . of the 28th February, 1922."32 Article 1 of the draft treaty provided for an alliance between the two countries. Article 2 bound Egypt not to conclude with a foreign power any agreement prejudicial to British interests. Article 3 bound Great Britain (subject to provisions of the League Covenant) to come to Egypt's aid in the capacity of belligerent if Egypt ever became involved in a defensive war with a foreign power. Conversely, Article 6 provided that if Great Britain were menaced with or engaged in war it should be furnished in Egyptian territory with all the facilities and assistance the King of Egypt could provide, including the use of ports, airdromes and all means of communication, even though the war in question should in no way affect the rights and interests of Egypt itself.

In Article 9 Great Britain undertook to use all its influence to obtain a modification

<sup>31.</sup> For text of the draft treaty cf. The Near East and India, March 15, 1928, p. 333.

<sup>32.</sup> The British declaration of this date recognized the independence of Egypt subject to four reservations. The British Government retained responsibility for: (a) The security of imperial communications in Egypt. (b) The defense of Egypt against foreign aggression or interference. (c) The protection of foreign interests and of minorities. (d) The Sudan.

of the capitulatory régime in Egypt.33 and in Article 10 to support Egypt's request for admission to the League of Nations. Article 11, moreover, provided for the substitution of an Ambassador for the British High Commissioner hitherto resident in Cairo. British Ambassador, like the High Commissioner, however, was to be granted precedence over all other foreign representatives. Further articles in the draft treaty provided that the Egyptian army should be trained according to British methods; that in engaging the services of foreign officials the Egyptian Government should as a rule give preference to British subjects, and that the Egyptian Government should consult the British Government as soon as any circumstance arose which seemed likely to involve difficulties with a foreign power or to threaten the lives or property of foreigners residing in Egypt. Any disagreement as to the application or interpretation of the treaty which could not be settled by direct negotiation was to be dealt with according to the provisions of the League Covenant.

Egyptian Ministers made objection to several of these articles but to none so much as Article 7, which authorized the maintenance upon Egyptian soil of such British forces as the British Government considered necessary for protecting the lines of imperial communication, pending conclusion at some future date of an agreement whereby the Egyptian Government would assume the task. Although it was stated that the presence of these forces should not constitute in any manner a British occupation, Egyptians did not wish to agree to the arrangement because such action, they maintained, would give legal sanction to a situation they wished to terminate and might make it more difficult eventually to have the British forces removed from Egypt. A provision that the question should be reconsidered ten years after the treaty went into effect (and the aid of the Council of the League invoked if no direct agreement could be reached) did not seem to them to offer sufficient guarantee of the fulfillment of Egyptian desires.

### EGYPT REJECTS THE TREATY

The Cabinet refused to entertain the treaty at all, despite Sarwat Pasha's view that it ought not to be flatly rejected. cordingly on March 4 the Premier delivered a note to Lord Lloyd, the British High Commissioner, declaring that since the basic principles and actual provisions of the draft treaty made that instrument incompatible with the independence and sovereignty of Egypt and since it legalized occupation of the country by British forces, the Cabinet could not accept it. On the same day the Sarwat government resigned.34

The British Government responded in a note on March 7 that it could not permit the discharge of any of its duties under the declaration of February 28, 1922 to be endangered by Egyptian legislation or administrative action. It therefore reserved the right to take such steps as future situations might demand. The note contained a warning against the passage of certain bills then under consideration by the Egyptian Parliament which, if adopted, would place restrictions on the power of the police to break up public gatherings, 35 relax restrictions on the carrying of weapons and of poisons, and weaken the powers of the provincial authorities while increasing those of political organizations.

There were student demonstrations and disorders here and there after the British note was received, but no loss of life. Nahas Pasha assumed the reins of government, assisted by a coalition Cabinet of Wafdists (Nationalists) and Liberals. It was this government which on March 30 addressed a new note to the British Government in reply to the communication of March 4. It characterized the latter as "a perpetual interference with the internal conduct of Egyptian affairs, paralyzing the exercise by Parliament of its right to legislate and control administration and rendering impossible the existence of a Government worthy of the name." The principle of such an intervention the Egyptian Government was not prepared to admit. It was quite willing, however, to assume responsibility for pro-

<sup>33.</sup> Foreign powers were invited on December 25, 1927 to attend a conference in Cairo in February 1928 for the purpose of agreeing on a new judicial régime in Egypt. But they rejected Egypt's proposals for capitulatory reform and there was no change in the atatus que during 1928.

<sup>34.</sup> Sarwat Pasha himself died of heart failure in Paris six months later (September 22, 1928).
35. This bill was later to gain prominence as the public assemblies bill.

tection of the lives and property of foreigners and for the defense of the Suez Canal by Egyptian troops alone, except when British troops were expressly invited to assist them.

On April 4, after four days of suspense in Egypt, the British reply to this note was published. The Egyptian note, it stated, could not be accepted as a correct exposition of Anglo-Egyptian relations. Certain reservations had been made in the declaration of February 28, 1922, which the recently negotiated treaty would have superseded; but since the draft treaty had been rejected the reservations continued to be operative. The Wafd had feared a stronger reply than this. Its members expressed relief.

The divergence of views between the British and Egyptian Governments had a practical consequence at the end of April, however, when a British ultimatum suddenly arrived giving the Nahas government fortyeight hours in which to withdraw a public assemblies bill which was considered prejudicial to the interests of foreigners, inasmuch as it removed certain existing checks upon public meetings-checks which had a practical value in times of excitement. The Egyptian Government was requested to give assurance in writing that the bill in question would not be proceeded with. Otherwise the British Government would take appropriate action. British warships were ordered to Egyptian waters.

The Egyptian Government did not give the assurance demanded. It replied instead that inasmuch as the public assemblies bill had already passed the Chamber of Deputies it would be unconstitutional to withdraw it at this juncture. The government had recommended to the Senate, however, that the latter body should postpone consideration of the bill until the fall session.

There was some doubt in Egypt as to whether Nahas Pasha's note would satisfy Great Britain. Relief was general when it was learned that the British order to the warships had been countermanded and that a British communication had arrived stating simply that if the controversy over the public assemblies bill were to be revived by

Egypt the British Government would be obliged to intervene once more.

### PARLIAMENTARY GOVERN-MENT SUSPENDED

But circumstances were to prevent the issue from being raised again in November when the fall session was scheduled to open. The Nahas government fell during the third week of June. There had been dissension in the Cabinet for some time and eventually a few of its members resigned, about the time when charges were laid against the Premier and the president of the Chamber that they had accepted sums of money in consideration of a promise to influence legislation in such a way as to aid a litigant in a private lawsuit involving a large fortune. After these defections from the Cabinet the King called on Nahas Pasha to resign on the ground that his Cabinet no longer represented a true coalition as it was originally intended to do. Nahas Pasha, however, with the full support of the Wafd, took the unusual course of refusing to resign, intending to fill Cabinet vacancies by appointments from the Wafd party alone. The King immediately issued a royal rescript dismissing Nahas Pasha and his Cabinet and by June 27 a new Ministry was completed, led by Mohammed Pasha Mahmud, vice-president of the Liberal party, who had been the first Minister to desert Nahas Pasha's Cabinet a short while before.

Mohammed Pasha Mahmud adopted drastic means to put an end to the political excitements of recent years. Parliament was first adjourned for a month by royal rescript on June 28 and then suspended for a minimum period of three years by another decree on July 19. Mohammed Pasha Mahmud and his Cabinet assumed full legislative authority. They announced that they would devote their attention to economic reform and promotion of administrative efficiency. Troops were sent to a few provincial centers to assist the police in maintaining order, and the powers of provincial governors were extended.

As was to be expected, the Wafd protested against this suspension of constitutional government. There were press attacks on the Cabinet, and in November a meeting of 135 Wafdist deputies and sixty-

three Senators declared it would hold the existing government responsible for all expenditures in excess of appropriations legally voted by Parliament. There was less disorder in the country than had been anticipated, however, and in many parts of the country a welcome respite from political controversy.

### APPENDIX

### Brief Résumé of Conclusions and Recommendations of the Joint Palestine Survey Commission.

### I. PRELIMINARY STATEMENT

. A broad survey of Jewish activities in Palestine since the close of the World War leads to the general conclusion that the results may be regarded as hopeful for the future, though mistakes have been committed in the course of these years.

#### II. IMMIGRATION

Subsections 1-2. Jewish interests will be best subserved by maintaining a reasonable balance between the number of immigrants admitted and the economic needs of the country. The Jewish Agency should propose changes in immigration schedules three times instead of twice a year.

Subsections 3-7. More thorough selection of individual immigrants; encouragement of qualified immigrants possessing independent means; repayments of advances to immigrants to be enforced as soon as possible; dissociation of immigration policies from local politics.

### III. AGRICULTURE

Subsections 1-6. Approximately 8 per cent of cultivable land now in Jewish hands. No new colonies to be established until funds are in hand for consolidating existing colonies. Criticism of government for not expediting settlement on certain lands. Suggestion that government speed up afforestation work, alter existing system of taxation, and exempt new agricultural enterprises from taxation for a five-year period.

Subsections 8-16. Land should be prepared for settlers so that they can make a living from the beginning. Jewish Agriculture Colonisation Department should be administered according to sound economic principles. Further establishment of communal settlements undesirable. Recently founded communal settlements to be converted into individualistic cooperative settlements or training centers. Establishment of hill colonies to be abandoned. Land purchase to be encouraged by settlers. Hydrographic survey and experiments in fertilization to eliminate temptation to excessively close settlement in the future. Formal written contracts between settlers and Jewish Agency to be based on economic value of land, and prompt payment insisted upon. Outside hired labor ought to be permitted, a minimum wage being assured to such laborers.

Subsections 17-22. Unscientific use of water for irrigation purposes to be prevented, crop specialization encouraged, and cooperative marketing and buying established on a non-doctrinaire basis. Extension of agricultural research, in relation to marketing as well as to production.

### IV. INDUSTRY

Subsections 1-10. Encouragement of commerce and tourist trade. Adequate hotel facilities. Judicious protection of promising local industries. Customs agreements with neighboring countries. Reduction of freight rates on goods for export. A Tariff Board and a Transport Board to be created. Home industries as well as factories to be encouraged. Coordinated effort between Jewish Agency and government for establishing bureau to give advice respecting transfer of existing manufacturing plants to Palestine.

### V. EDUCATION

Subsections 1-2. Government grants to non-government schools should be based on the proportion of children attending them. Present system of allowing Jewish Agency to distribute grants satisfactory.

### VI. PUBLIC HEALTH

Subsections 1-5. Government should assume a larger share of responsibility in relation to public health. Jewish medical and health work to be coordinated and consolidated.

### VII. LABOR

Subsections 1-4. Principle should be recognized that industry and agriculture must be established on an economic basis, providing equitable return on capital invested if there is to be a progressive increase in standards of living. Conciliation machinery to be established to reduce industrial disputes. Sound cooperative organization to be encouraged.

### VIII. FINANCE

Subsections 1-2. During transition period the position of existing Zionist funds should be strengthened.

#### CONCLUSION

Minimum budget of £1,000,000 (\$5,000,000) a year should be aimed at. Commissioners appeal to

the entire Jewish world to make the necessary sacrifices to establish an ideal which will prove a just source of pride and satisfaction to all members of the community, and will be regarded by the world a worthy effort on behalf of Jewry for the re-establishment of the country of their origin.

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# THE BRITISH ELECTIONS

by

LEWIS WEBSTER JONES

with the aid of the Research Staff of the Foreign Policy Association

### INTRODUCTION

N May 30 the General Election will be held in Great Britain. The Conservative party, which under the leadership of the Right Honorable<sup>1</sup> Stanley Baldwin has held power since the General Election of 1924, will ask to be returned upon the basis of its record of the last four and one-half years. The Labour party, which during this time has been the official Opposition to the government, will, under the leadership of the Right Honorable J. Ramsay MacDonald, challenge the record of the Conservatives and seek the support of the country on a program of moderate socialism. Between these two parties are the Liberals, led by the Right Honorable David Lloyd George, who will attempt to convince the country that they are the desirable mean between the two extremes of die-hard Torvism on the one hand, and socialism on the other,

### PROSPECTS OF THE PARTIES

The coming election is of more than ordinary interest, both because of the importance of the issues before the electorate and because of the great uncertainty as to its outcome. In the first place more than five million new voters have been added to the electorate by the enfranchisement of young women between the ages of twentyone and thirty years. How these so-called "flappers" will vote is a factor of unpredictable importance.

The outcome of the election is complicated further by the existence of three vigorous parties. With a three-cornered fight in most of the 615 constituencies in Great Britain, there is likely to be a great proportionate disparity between the popular vote for any political party and the seats won by that party. A relatively small change in the popular vote in many constituencies might substantially alter the Parliamentary strength of the parties.

1. Honorable, any member of the House of Commons: Right Honorable, one who is or has been a member of the Cabinet.

At the last General Election, on October 29, 1924, the Conservative party swept the country, winning a clear majority of 211 seats in the House of Commons over the other two parties combined. The results of the election of 1924 were:<sup>2</sup>

Conservatives4	13
Labour1	51
Liberals	40
Other parties	11

The accompanying map shows the geographical distribution of Parliamentary strength in the last General Election. It will be seen that with the exception of Northern Scotland and Northern Wales, which remained Liberal strongholds, and the industrial districts of Southern Wales and Glasgow, which went strongly Labour, the Conservatives won a majority of seats in every other part of the United Kingdom. The Labour Party was the runner-up to the Conservatives in all of the large cities and industrial areas.

Although the Conservative party won a clear majority of seats in the House of Commons, the combined popular vote of the Liberal and Labour parties was considerably larger than that of the Conservatives. The popular vote was:<sup>2a</sup>

Conservatives	7,861,402
Labour	5,487,649
Liberals	2,928,064
Combined Liberal and Labour vote	8,415,713

Optimistic predictions of success are today being made by the leaders of all three parties. Unbiased observers are inclined to doubt, however, if any of the three parties will win a majority of seats in the House of Commons. If the recent by-elections are any guide to the results in the General Election, both Labour and the Liberals will gain

<sup>2.</sup> Dod's Parliamentary Companion, 1928.

<sup>2</sup>a. Ibid.

at the expense of the Conservatives. In the recent by-elections in five constituencies which have been held by the Conservatives since 1924, the Liberal party gained two seats, Labour one, and the Conservatives, with considerably reduced majorities, barely retained the other two. The betting on the London Stock Exchange for the first half of the month of April predicts the following results:

Conservatives	260	to	280
Labour	240	to	260
Liberals	50	to	65

Should neither the Conservative nor the Labour party win a majority of seats in the new Parliament, the resulting situation would differ from that which prevailed after the General Election of 1923 in no essential particular. In that election the Conservatives won 259 seats, Labour 191 and the Liberals 159. When the new Parliament met, the Liberals supported the Labour motion of "no confidence" in the Conservative government and the King sent for Mr. MacDonald who was asked to form a new government. If such a division of Parliamentary strength should result from the forthcoming elections, there would be two alternatives: either the Labour party would form a government with Liberal support, or the Conservative and Liberal parties would form a coalition with Labour in opposition.

# THE POSITION OF THE LIBERALS

Although they have no chance of winning a majority of seats in the new Parliament, the position of the Liberal party is of the greatest importance, both in their effect on the vote of the other two parties, and, in case neither the Conservatives nor Labour win a clear majority, in determining which party they will put in power.

The most striking result of the last election from the point of view of party politics was the great decline in the Parliamentary strength of the Liberal party. Indeed, many people thought that the Liberal party had been dealt a deathblow and would pass out of existence entirely. The decline in the number of seats in the House of Commons held by the Liberal party since the General Election of 1906 is shown as follows:<sup>3</sup>

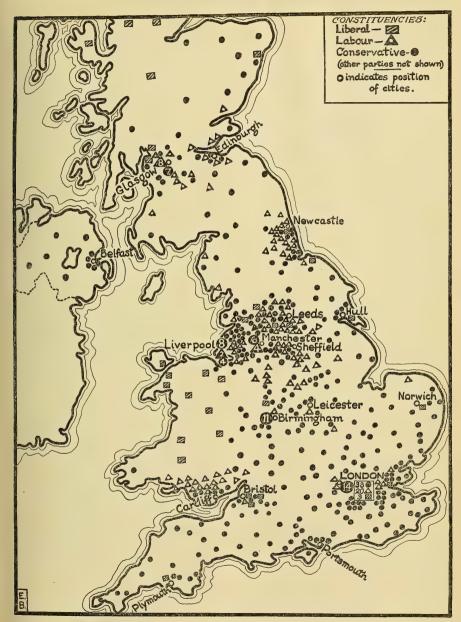
1906	376
1910 (Jan.)	275
1910 (Dec.)	270
1918	165
1922	114
1923	159
1924	40

In spite of this, the Liberals have entered the present campaign hoping to regain at least a part of their former prestige and power. With the aid of Lloyd George's famous "war chest," consisting of several hundred thousand pounds somewhat mysteriously acquired, the Liberals are contesting more than 500 out of the 615 constituencies. Moreover, they have presented to the country, through Mr. Lloyd George, a comprehensive plan for the solution of the problem of unemployment which is attracting widespread attention throughout the United Kingdom.

The Liberals have gained also by the defection from the government of several important newspapers. Mr. J. L. Garvin of The Observer-a powerful, independent Sunday newspaper with Conservative leanings, controlled by Viscount Astor-says, editorially, "This Government, like no Government we remember, is one that it is almost impossible to help." Lord Beaverbrook, who controls The Sunday Express, The Daily Express and The Evening Standard, has also deserted the Baldwin government in favor of the Liberals. Viscount Rothermere, who controls a number of English newspapers, including The Daily Mail and The Evening News, the former having the largest circulation of any newspaper in Great Britain, and who strongly supported the Conservatives at the last General Election, is now supporting the Liberal candidates with the same enthusiasm as he formerly evinced on behalf of the Conservatives. In a recent editorial he declared: "It is possible to keep the Socialists out without holding for the Government which has disappointed us all. The way to make a vote tell against socialism is not to give it to the Conservative candidate, but to give it to the Liberal."

<sup>2.</sup> Constitutional Year Book, 1928, p. 219.

<sup>4.</sup> The Lloyd George Fund was probably acquired by the "sale" of pcerages. Cf. Labour Year Book, 1928, p. 224-241.



Prepared by the Foreign Policy Association

### POLITICAL PERSONALITIES

#### STANLEY BALDWIN

The present Prime Minister and leader of the Conservative party is the Right Honorable Stanley Baldwin. He was born in 1862, the son of Alfred Baldwin, a wealthy industrialist. Mr. Baldwin was educated at the famous English public school of Harrow, and at Trinity College, Cambridge. He contested unsuccessfully the constituency of Kidderminster in 1906, and in 1908 was elected to Parliament from the Bewdley division of Worcestershire, and since that time he has continued to represent the same constituency in the House of Commons. Mr. Baldwin was Financial Secretary of the Treasury in the coalition government from 1917 to 1921, and president of the Board of Trade in 1921-22. He became the Parliamentary leader of the Conservative party and Prime Minister for the first time in May 1923, when Mr. Bonar Law was forced to resign on account of ill-health.

There have been many contradictory attempts to sum up the character of the Prime Minister. According to one version he is a simple, artless man forced by the pressure of circumstance into the leadership of his party and the highest political office in Great Britain. To others the apparent artlessness and reluctance with which he assumes great political responsibilities is the outward pose of a master politician. Whatever may be the interpretation placed upon his political personality, both his friends and his enemies agree that he is a man of great fairness, kindness and honesty.

Other members of Mr. Baldwin's Cabinet are: Sir Austen Chamberlain (Secretary of State for Foreign Affairs), the Earl of Balfour (Lord President of the Council), Lord Cushendun (formerly Ronald McNeill, M.P., Chancellor of the Duchy of Lancaster, succeeding Viscount Cecil, resigned), Winston Churchill (Chancellor of the Exchequer, head of the "Constitutionalist party" group which seceded from the Liberals), Sir William Joynson-Hicks (Secretary of State for Home Affairs), the Earl of Birkenhead (Secretary of State for India), Sir Philip Cunliffe-Lister (president of the Board of Trade), L. C. M. S. Amery (Secretary of State for the Dominions and Colonies), Lord Eustace Percy (president of the Board of Education), the Marquess of Salisbury (Lord Privy Seal, leader in the House of Lords), Viscount Cave (Lord Chancellor), Sir L. Worthington Evans (Secretary of State for War), Neville Chamberlain (Minister of Health), the Earl of Derby, the Duke of Devonshire, Baron Hardinge, the Duke of Northumberland and Sir Robert Horne (formerly Chancellor of the Exchequer).

#### J. RAMSAY MacDONALD

The Parliamentary leader of the Labour party, and therefore the official leader of His Majesty's Opposition, is the Right Honorable James Ramsay MacDonald.5 In contrast to the aristocratic origin of most of the members of the present government, Mr. MacDonald was born in the little fishing village of Lossiemouth, in Morvshire, Scotland, of obscure parentage. He received an elementary education at a "board" school near his home. After working as a laborer in the fields for some time, he became a pupil-teacher and looked forward to entering upon a scientific career. He went to London in 1885 and became a warehouse clerk, and studied and practiced journalism in his spare time. In 1894 he joined the new Labour party, and in the following vear fought his first election as Labour candidate for Southampton. In 1899 he became secretary of the Labour Representation Committee, a position which he held until that body became the Labour party in 1906. He was elected to Parliament from Leicester in 1906 and was reelected at subsequent elections until 1918. During the war he was forced to resign as chairman of the Parliamentary Labour party because of his opposition to British participation in the war. In November 1922 he was returned to Parliament, this time from Aberavon, and was again elected leader of the Labour party. Mr. MacDonald was Prime Minister in the Labour government of 1923.

Other leaders of the Labour party are: Arthur Henderson (secretary of the National Labour party, formerly Secretary of State for Home Affairs), Philip Snowden

<sup>5.</sup> Iconoclast, J. Ramsay MacDonald, The Man of Tomorrow, 1924.

(formerly Chancellor of the Exchequer), J. R. Clynes, (deputy leader, formerly Lord President of the Council), J. H. Thomas (political general secretary of the National Union of Railwaymen, formerly Secretary of State for the Colonies), George Lansbury (chairman of the National Executive of the Labour party), Herbert Morrison (vicechairman of the National Executive and party leader on the London County Council), T. Kennedy (chief Parliamentary whip), Sidney Webb (formerly president of the Board of Trade), John Wheatley, Noel Buxton, A. Susan Lawrence, Ellen Wilkinson, W. Adamson, Stephen Walsh, Thomas Shaw, Arthur Ponsonby, C. P. Trevelyan, Josiah Wedgwood, Lt. Commander J. M. Kenworthy, A. V. Alexander (Cooperative party), J. Maxton, Tom Johnston, Hugh Dalton, Oswald Mosley, Lord Parmoor, Earl Russell, Lord Thomson and Viscount Chelmsford.

### DAVID LLOYD GEORGE

The Parliamentary leader of the Liberal party is the Right Honorable David Lloyd George. So much has been written about this astonishing man and his career, first as a fiery Welsh Radical and later as president of the Board of Trade, Chancellor of the Exchequer, Minister of Munitions, Secre-

tary of State for War, and finally as Prime Minister during and after the war, that it is necessary to mention only the simple facts of his life. He was born in Manchester in 1863, the son of a schoolmaster. He was educated privately and at Llanystymdwy Church School. He was admitted to the bar in 1884. Mr. Lloyd George became Chancellor of the Exchequer in the Cabinet of Mr. Herbert Asquith in 1908. In 1915 he was made Minister of Munitions and later Secretary of State for War. In 1916 he forced Mr. Asquith out of the Cabinet and became Prime Minister and First Lord of the Treasury. He continued to serve as Prime Minister at the head of a coalition government until the Conservatives withdrew their support in 1922.

Other leaders in the Liberal party are: Earl Grey of Falloden (formerly Secretary of State for Foreign Affairs, and leader of that wing of the Liberal party opposed to Lloyd George, which includes Sir Donald MacLean and Vivian Phillips), the Earl of Reading (formerly Viceroy of India), Sir Herbert Samuel (head of the party organization), Sir John A. Simon (deputy leader), Earl Beauchamp, Viscount Cowdray, Walter Runciman (leader of the radical group and H. A. L. Fisher.

### THE ECONOMIC SITUATION OF GREAT BRITAIN

Politics in Great Britain since the war have been dominated almost completely by the economic situation.

When the war ended and the short postwar boom was over, Great Britain found herself in an entirely different economic situation from that which existed prior to 1914. The volume of the world's commerce. which had increased at a very rapid rate before the war, remained for several years below the level of 1913. This was a heavy blow to British industry, which to a greater extent than that of any other nation is dependent for its prosperity upon foreign trade. Meanwhile Great Britain's merchant fleet had become 50 per cent larger than before the war although there was no corresponding increase in the volume of the world's sea-borne trade. The British coal industry, which throughout the nineteenth century had furnished the basis for Great Britain's tremendous industrial and commercial expansion, was faced with a decreased demand and consequent disorganization. The growth of industrialization in the Far East and in the Dominions also decreased the demand for British goods. The rapid fall of prices from the high level of 1920 brought with it a corresponding reduction of wage rates and general business depression. The finance and currency situation was aggravated further by the early return to the gold standard.<sup>6</sup>

As a result of all these as well as many other factors, the great basic exporting industries of Great Britain suffered heavy losses. Coal, metallurgy and textiles were especially hard hit, and these in turn had

Britain's Industrial Future: being the Report of the Liberal Industrial Inquiry, 1928.

a profound effect upon all of British industry.

The decline in British export trade since the war is shown by the following index numbers:7

### Total Foreign Trade

1913	1924	1925
Net Imports100	106.6	111.8
British Exports100	76.1	76.0
Re-exports100	88.4	87.8

### THE UNEMPLOYMENT PROBLEM

The most difficult aspect of Great Britain's post-war maladjustment has been the tremendous increase in unemployment. Since 1921 the number of unemployed workers in Great Britain has never fallen below one million, and for the greater part of the time has been well over this figure. This would be an alarmingly high proportion of unemployment even in the trough of a transitory depression, but in Great Britain unemployment has stood at this figure for the last seven years and the situation shows few signs of improvement. The percentage of unemployed among insured workpeople in Great Britain and Northern Ireland from 1922 to 1928 inclusive is shown in the following table:8

### PERCENTAGE OF INSURED WORKMEN UNEMPLOYED

				·			
	1922	1923	1924	1925	1926	1927	1928
End of	per cent						
January	16.2	12.7	11.9	11.5	11.0	12.1	10.7
February	15.7	11.8	10.7	11.3	10.4	10.9	10.4
March	14.6	11.1	9.9	11.1	9.8	9.9	9.5
April	14.4	10.9	9.7	10.9	9.1	9.4	9.5
May	13.5	10.7	9.5	10.9	*14.3	8.8	9.8
June	12.7	11.3	9.4	11.9	*14.6	8.9	10.7
July	12.3	11.5	9.9	11.2	*14.4	9.2	11.6
August	12.0	11.8	10.6	12.1	*14.0	9.3	11.6
September	11.9	11.7	10.8	12.0	*13.7	9.3	11.4
October	12.0	11.7	11.1	11.4	*13.6	9.5	11.8
November	12.4	11.5	11.0	11.0	*13.5	10.0	12.2
December	12.2	10.7	10.9	10.4	*11.9	9.8	11.2

\*Excluding workpeople in the coal-mining industry who were disqualified for unemployment benefit owing to the dispute.

monthly figures of unemployed workers for 1928 is shown in the following table :9

abic.	
December 19, 1927	1,127,000
January 30, 1928	1,199,000
February 27	1,139,000
April 2	1,071,000
April 30	1,171,000
May 21	1.143.000
June 25	
July 30	
August 27	
October 1	, , ,
October 29	
November 26	
December 17	, ,
December 11 minimum	,012,000

The unemployed in Great Britain have been kept alive by means of unemployment insurance. The insurance fund is made up of a three-fold contribution, by employed

9, 1929.

9. Ibid.

workers, employers and the State. number of workers insured under the Unemployment Insurance Act is about twelve million. The indemnities to the unemployed paid out under the terms of the act are fifteen shillings per week per man and twelve shillings per week per woman (about \$3.60 and \$2.88), with an addition, if the beneficiary is married, of five shillings for the husband or wife and one shilling for each child (about \$1.20 and \$.24). In addition to unemployment insurance is the help the unemployed workers receive under the Poor Law. This law is administered under the municipal governments through special commissions, called the Boards of Guardians in England and Wales, and the Parish Committees in Scotland. Being administered under local government there is thus a lack of uniformity in the donations. As a general rule, the local authorities double the fifteen or twenty shillings that the unemployed receive from their insurance, bring-

<sup>7.</sup> Britain's Industrial Future, p. 22. Compiled from the Report of the Committee on Industry and Trade, Survey of Overseas Markets, and from Board of Trade Journal. The Irish Free State is included as a part of the United Kingdom in the preparation of the foregoing table.

8. The Economist, "Commercial History of 1928," February e 1928.

ing the total up to forty or fifty shillings (about \$10 or \$11 a week).

By means of this help the unemployed workers can exist almost indefinitely. The cost of unemployment insurance and Poor Law Relief, however, is tremendous and the Insurance Fund and the Poor Relief Fund have so overtaxed their own resources that they have been forced to borrow heavily from the National Treasury. What Great Britain has paid for the relief of unemployment is equivalent to a large war indemnity. In spite of its tremendous cost, however, there are few in Great Britain who would abandon unemployment insurance. Although regretting the circumstances that make it

necessary, Conservatives, Liberals, and Labour unite in the belief that unemployment insurance is a necessary means of ameliorating the distress of the unemployed. Without the help furnished by Unemployment Insurance and Poor Relief Funds, according to many observers, the unemployed would become completely demoralized and would perhaps turn to revolution as a way out of their difficulties.

The economic situation resulted in serious labor disputes culminating in the general strike of May 1926. In the last two years, however, relations between employers and the employed have materially improved.

### OUTSTANDING ISSUES IN THE ELECTION

There are two outstanding issues before the people of Great Britain in the forthcoming elections, unemployment and foreign policy. By far the most important of these, from the point of view of the great masses of the people, is that of unemployment. The intensity of interest in this problem can be gauged by the fact that Mr. Lloyd George has made it the basis of his dramatic appeal for the return to power of the Liberal party. In an address to Liberal candidates setting forth the program of the Liberal party on March 1, 1929, Mr. Lloyd George declared:

"If the nation entrusts the Liberal Party at the next General Election with the responsibilities of Government, we are ready with schemes of work which we can put immediately into operation, work of a kind which is not merely useful in itself but essential to the well-being of the nation. The work put in hand will reduce the terrible figures of the workless in the course of a single year to normal proportions, and will, when completed, enrich the nation and equip it for competing successfully with all its rivals in the business of the world. These plans will not add one penny to national or local taxation.

"It will require a great and sustained effort to redeem this pledge, but some of us sitting at this table have succeeded in putting through even greater and more difficult tasks in the interests of the nation." <sup>10</sup>

# "WE CAN CONQUER UNEMPLOYMENT"

The details of the plan whereby Mr. Lloyd George and the Liberal party would solve the problem of unemployment are set forth in a booklet of some sixty pages under the title, "We Can Conquer Unemployment." The essence of the plan is an extensive program of public works. By building necessary roads and bridges, providing more adequate housing, developing the telephonic and electrical equipment of the nation and improving and constructing canals, Mr. Lloyd George proposes to reduce the number of unemployed by as much as 750,000 in the first year.

All of these projects will be financed by borrowing money on the security of the State. The basis of Mr. Lloyd George's claim that these plans "will not add one penny to national or local taxation" is summed up as follows:

"We have certain expenditure on telephone, electrical and transport developments which, over a due period, can be justified as an ordinary commercial proposition. Some slight assistance in the way of reduced interest may be required in the first two or three years but this can be recouped later. We have certain road expenditure offering no direct financial return, though a large indirect return in savings to the nation in cost of transport and otherwise.

"But to meet the interest and sinking fund on the loan to finance this, we have a steady increase in receipts from motor vehicle taxation year by year, which increase alone at the present level of taxation, together with receipts from betterment, is likely to be sufficient to meet interest and repay the whole State expenditure within a comparatively short period of years. All this work, therefore, makes no drain on the Exchequer. In the housing work there is an increased annual charge for subsidy; but this is

<sup>10.</sup> We Can Conquer Unemployment, p. 4.

<sup>11.</sup> Ibid., p. 60.

well within the limits envisaged by Parliament in 1924 as a proper charge from a housing as distinct from an unemployment point of view. Finally there is the cost of land drainage. This will be contributed to by the landowner to the extent to which benefit has accrued to specific land, but a large part of the cost must fall upon the State, particularly in the case of schemes of arterial drainage. This last is the only new net additional charge upon the Exchequer.

"Against this is to be set:

"(1) a direct saving to the Unemployment Benefit Fund of many millions of pounds....
"(2) an increase in receipts from existing taxation of some £10,000,000 to £12,000,000 per annum."

# LABOUR AND UNEMPLOYMENT

On the question of unemployment the program of the Labour party is very similar to that of the Liberals, except that it is more cautious in its claims. On April 18, 1929 Mr. J. R. Clynes, a prominent Parliamentary leader of the Labour party and a member of the Labour government in 1924, announced the details of his party's program on unemployment in the House of Commons. The program includes national enterprises, such as road-building, drainage and reclamation, as included in the Liberal party plan, but it does not include the Lloyd George pledge to solve the problem within a year nor his proposal to borrow in order to finance the scheme.

In addition to national undertakings and public works, the Labour party program includes various other features. The renewal of diplomatic relations with Russia as a step toward restoring trade with that country is put foremost as a measure of improving the unemployment situation. The Labour party also demands a seven-hour day in the coal mines, instead of the present eight hours as fixed by law by the Conservative government. It would enact legislation for government control of coal mines, and would make a levy on the royalties of the present owners to help provide a pension fund for aged miners. The MacDonald government, if returned to power, would attempt to relieve the pressure of numbers in the labor market by increasing the compulsory school age and retiring old workers on pensions. The Labour party promises to appoint a commission to consider means of reconstruction in the cotton industry. It also proposes to promote more extensive settlement in the Dominions.

While the Labour and Liberal parties are competing with one another in proposing solutions for the unemployment problem, Mr. Baldwin and the Conservative party are pursuing the even tenor of their ways. In outlining the program of the Conservative party, Mr. Baldwin said:12

"We shall continue the process now going on, that of conquering unemployment. The partners in industry, the masters and the men, have been getting together. We are recovering in the world our competitive power, our trade is definitely improving, and, provided that no cataclysm of any kind in the way of a sudden reversal or an alteration in the industrial policy of this country occurs, that progress will be maintained and unemployment will continue to fall."

Mr. Baldwin pledged himself and his party to the continuance of the policy of safeguarding industries and to the relief of British industry through decreasing taxes. With regard to specific measures for the relief of unemployment, he said:

"Now what are we doing to help industry and to get men and women into permanent employment? We are trying by arrangements with the Dominion governments to make it easier for them to go to the Dominions overseas. We are trying by transference to get men from the 'black spots' into districts where they can get work

"We have given a great deal of attention to juveniles and we have so progressed with juvenile unemployment centers that practically every boy in these depressed areas, if he wishes, can go to an unemployment center and can, through that, be passed, if his parents consent, into an industry in some other part of the country. But the most grievous lot is that of the man, not skilled, who is thrown out of work owing to the reorganization and rationalization which is going on. We have met that difficulty by forming training centers in which a man undergoes intensive training for some months which fits him for many kinds of work into which he has been drafted and great numbers have met with success already. That policy we shall continue as the demand for it arises, and we are from time to time, where they are most needed, opening such centers for these men. For industry itself we felt strongly that some form of assistance must be given."

<sup>12.</sup> For full text of Mr. Baldwin's speech, cf. Christian Science Monitor, April 22, 1929

### FOREIGN AFFAIRS

The other issues of outstanding importance in the forthcoming election are concerned with foreign policy, particularly British relations with the United States. The failure of the British Government to reach a naval limitations agreement with the United States at the Geneva Naval Conference of June 1927 and the abortive Anglo-French Accord which Sir Austen Chamberlain announced to the House of Commons on July 30, 1928, has caused an outburst of criticism of the present government. Sir Austen Chamberlain has been further criticized for what his opponents declare is an excessive friendship for France as well as for a reluctance to face frankly the issue of sea power and sea law with the The government has also United States. been attacked for insisting upon reservations to the Anti-War Pact.

The general program of the Labour party, adopted by the Party Conference in 1928, declared for: 13

- The renunciation by international treaty of the use of war as an instrument of national policy, and the negotiation through the League of Nations of international agreements.
- The reduction of armaments by international agreement, to the minimum required for police purposes.
- The immediate signature of the Optional Clause, and the consequent acceptance of the jurisdiction of the Permanent Court of International Justice in all justiciable disputes.
- The promotion of international economic cooperation, as recommended by the International Economic Conference of 1927, and

- cordial cooperation with the International Labour Office.
- The establishment of the fullest possible publicity with regard to international relations and policy, and the submission of all international engagements to the House of Commons.
- The systematic use of the League of Nations to promote the utmost possible measure of co-operation between the nations of the world.

The revocation of the British reservations to the Kellogg pact, the withdrawal of all foreign troops from the Rhineland, the conclusion of an agreement with the United States regarding the freedom of the seas, and the recognition of Russia are other international policies which are being supported by the Labour party.

Although the Liberals are concentrating most of their attention on the industrial situation and the relief of unemployment, they have been no less vigorous than the Labour party in their criticism of the foreign policies of the Conservative government. Through Mr. Lloyd George they have gone on record against the spirit of the Anglo-French Accord and in favor of naval limitation with the United States.

The impending election may have been one of the factors in the approval by the Cabinet on April 24 of the recent American proposals as presented at Geneva by Hugh S. Gibson. Sir Austen Chamberlain, speaking in the House of Commons said:

"His Majesty's Government, equally with the Government of the United States, desire not merely the limitation but the reduction of naval armaments. We had indeed ourselves made proposals for such reduction and that it should be applied to every class of war vessel."

### POLITICAL PARTIES IN GREAT BRITAIN

For more than two hundred years prior to the war Great Britain was divided politically into two parties; the Conservative, Tory or Unionist party on the one hand, and the Whig, Radical or Liberal party on the other. During all of this time one or the other of these two parties was in power while the other made up the official Opposition. Although various minor parties, such as the Irish Nationalists, attempted from time to time to break up this two-party system, they were forced to cooperate with one

or the other of the older parties and for all practical purposes were absorbed by them. The following record of the Parliamentary majorities at the General Elections in Great Britain from the Reform Bill of 1832 to the time of Great Britain's entrance into the war shows the varying fortunes of the two historic parties.<sup>14</sup>

<sup>14.</sup> The number of seats in the House of Commons has varied. With the Union of Great Eritain and Ireland (1802), the number of members of the House was fixed at 65s. This number was adhered to by the Reform Act of 1832. In 1835 the total was increased to 670, and by the act of 1918 to 70. With the creation of the Irish Free State in 1922, the Irish representation was reduced to 13 members from Northern Ireland, making the membership of the House of Commons 615. Dod's Parliamentary Companion, 1929.

<sup>13.</sup> The Labour Party, Labour and the Nation, 1928.

# MAJORITY OF SEATS IN HOUSE OF

1832	Liberal370
1835	Liberal112
1837	Liberal 18
1841	Conservative 76
1847	Liberal 18
1852	Conservative 20
1857	Liberal 80
1859	Liberal 50
1865	Liberal 78
1868	Liberal116
1874	Conservative
1880	Liberal115
1885	Liberal 86
	Conservative114
1892	Liberal 40
1895	Conservative152
	Conservative134
1906	Liberal356
1910	(Jan.) Liberal124
	(Dec.) Liberal

### BREAK-UP OF TWO-PARTY SYSTEM

The most important development in British politics since the war has been the break-up of the two-party system.

When Great Britain entered the war in 1914 the Liberal party was in power. Under the leadership of Mr. Herbert Asquith. later Lord of Oxford and Asquith, they had enjoyed the uninterrupted confidence of the electorate since the General Election of 1906. In the years immediately preceding the war, however, the Liberals had been forced to rely more and more upon the support of the rising Labour party and the Irish Nationalists. The House of Commons elected in December 1910 contained 274 Conservatives, 270 Liberals, 42 Labour and 84 Irish Nationalists. When the war came there developed considerable dissension both within the Cabinet and in the membership of the party in Parliament. Many Liberals and members of the Labour party who before had supported the Liberal government became frankly pacifist. It was necessary, therefore, for Mr. Asquith in May 1915 to alter the character of his Ministry by drawing into it the leaders of the Conservative. Labour and Irish Nationalist parties. The coalition government thus established lasted throughout the war and until the General Election of 1922.

The orthodox Liberals and Mr. Asquith, however, were soon forced out of the coali-

tion government. With the help of the Conservative leader, Mr. Bonar Law, Lloyd George suceeded in November 1916 in turning Mr. Asquith out of power. Great bitterness arose among the orthodox Liberals against this new leader who they felt had violated the traditional rules of Parliamentary loyalty by betraying his party chief. As a result, many Liberals withdrew their support from the coalition government, and it was forced to rely more and more upon the Conservative party for its support.

Immediately after the Armistice Lloyd George took advantage of the disorganization of his political enemies and the great popular elation over the victory to hold an election. In his program he pledged himself and the coalition government to "make the Huns pay and to hang the Kaiser." This proved to be a popular slogan and the coalition government won 485, or a majority of 263, seats in the House of Commons. The coalition majority was made up of 333 Conservatives, 133 Liberals and 13 members of the Labour party. The Opposition to the coalition government was made up of 48 Conservatives, 28 Asquith Liberals and 57 members of the Labour party. In the Cabinet as reconstituted in January 1919 the Labour party was no longer represented because it had withdrawn its support.

The coalition government remained in power until October 19, 1922, when the Conservative party, at a reunion at the Carlton Club, decided to withdraw their support from Mr. Lloyd George. Mr. Bonar Law formed a new Conservative government and appealed to the country. The result of the elections of November 15, 1922 was a sweeping victory for the Conservative party which received a majority over all other parties of 79 seats in the House of Commons. The most striking feature of the election was the break-up of the Liberal party and the rise of the Labour party to the position of the second party in the House, and therefore the official Opposition to the government. The members elected were classified as follows:

Conservatives	344
Labour	42
Independent Liberals	60
National Liberals <sup>15</sup>	57

<sup>15.</sup> The National Liberals are the followers of Lloyd George.

The Conservative government which was elected in November 1922 was expected to last out the Constitutional period of five years. The Prime Minister, Mr. Bonar Law, was forced to resign, however, in May 1923 on account of ill-health and Mr. Stanley Baldwin succeeded him. fronted by acute unemployment and widespread industrial depression, Mr. Baldwin decided to try a protective tariff as a means of solving some of the disabilities under which Great Britain was suffering. It is a tradition of British politics that when a Ministry adopts any marked reversal in policy, for which it holds no mandate from the people, it should present the issue to the voters before attempting to carry the new proposal through Parliament. obedience to this tradition, a General Election was held in November 1923. As a result of this election, the Conservative majority was wiped out, but it still remained the leading party in the House of Commons. The vote was:

Conserva	at	iv	76	es											259
Labour															191
Liberals															159

On the question, therefore, of protection, the issue upon which Mr. Baldwin had appealed to the country, the Conservative party had been repudiated. Mr. Baldwin thereupon resigned, and the King sent for Mr. Ramsay MacDonald as the leader of the Opposition, who with Liberal support became Prime Minister and formed the first Labour government in the history of Great Britain.

The Labour government which assumed the responsibilities of office in January

1924 had no independent majority with which to carry out their own program of government. They were forced to depend upon Liberal support for their tenure of office. The party therefore abandoned the capital levy and other Socialist measures and concentrated their attention on foreign policy. They extended recognition to the Soviet Government. At the London Conference of July 16, 1924, they accepted the Dawes report and acted as intermediary between France and Belgium on the one hand, and Germany on the other in getting an agreement for the evacuation of the Ruhr.

The specific issue which led to the downfall of Great Britain's first Labour government was not one of national importance. The acting editor of an obscure Communist paper was charged with inciting the soldiers to mutiny. By action of the Labour Attorney General, Sir Patrick Hastings, the prosecution which had been started was dropped. When the House of Commons passed a vote asking an inquiry into the case, Mr. MacDonald, who had previously served notice that he would treat the vote on the resolution as one of confidence, or no confidence, resigned and called for a new election. In the election which was held in November 1924 the Conservatives swept the country. The newly elected House of Commons was made up as follows:

Conservatives										413
Liberals										40
Labour										151
Minor parties										11

### THE CONSERVATIVE PARTY

The influence of the Conservative party is not confined strictly to any class or geographical area. The strength of the old Tory party of the nineteenth century was largely recruited from the landed nobility, the farmers and the farm laborers, the Established Church and such other vested interests as the brewers and distillers. Although the Conservative party still maintains a large influence over these groups, it has in recent years broadened its support to include the industrial classes, white-

collared workers and large masses of the laboring population.

The power of the Conservative party is based upon its stalwart defense of the existing social order, and its opposition to socialism and revolutionary doctrines of whatever nature. It stands for the defense of the British Constitution and the preservation of the economic order. It is opposed to innovations based on theoretic or idealistic purposes as distinct from reforms based upon inherited and tried institutions.

Its attitude toward change is summed up by Burke's statement: "I would not exclude alteration neither; but even when I changed, it should be to preserve."

The natural conservatism of mind upon which the Conservative party is based is set forth by one of its distinguished followers:<sup>16</sup>

"Natural conservatism is a tendency of the human mind. It is a disposition averse from change; and it springs partly from a distrust of the unknown and a corresponding reliance on experience rather than on theoretic reasoning; partly from a faculty in men to adapt themselves to their surroundings so that what is familiar merely because of its familiarity becomes more acceptable or more tolerable than what is unfamiliar. . . . Novelties, at the first sight, are regarded as new-fangled and either futile or dangerous by the great majority of men. They frighten and irritate, they fatigue and perplex those who for the first time seek to understand them. Human nature shrinks from them and is wearied by them. . . . And change is not only fearful, it is tiring. As men try to perceive and judge a new plan, the effort tires and overtasks their powers. The faculties of judgment and discernment ache within them. Why depart from the known which is safe to the unknown which may be dangerous? None would be so mad as to run the risk without much search and scrutiny. And this means perplexity, effort, confusion of mind, weariness. Why not

let it alone? Why be weary instead of at rest? Why rush into danger instead of staying in safety? 'I was well,' says the often-quoted epitaph of an Italian tomb; 'I would be better; I am here.'"

There is today little difference in the social philosophy of the left wing of the Conservative party and the right wing of the Liberals. Many of the great social reforms of the nineteenth century were carried out by Conservative governments. Disraeli is, in fact, still regarded as a radical by many of the Tories of the old school, but his influence and the traditions associated with his name are at present one of the most powerful influences in the Conservative party and they are fond of quoting him in their election pamphlets:<sup>17</sup>

"In a progressive country, change is constant; and the great question is, not whether you should resist change which is inevitable, but whether that change should be carried out in deference to the manners, the customs, the laws, and the tradition of the people, or whether it should be carried out in deference to abstract principles, and arbitrary and general doctrines."

This tradition was refreshed by the addition to the party of the "Liberal Unionists" headed by Joseph Chamberlain at the close of the last century.

### THE LABOUR PARTY

One of the dramatic features of British post-war politics has been the remarkable growth of the Labour party. Although they received only 370,802 votes and 42 seats in the elections in 1910, they were able in 1922 to win more than 4,200,000 votes and 142 seats, thus becoming the official Opposition. In 1923 they increased the number of their seats in the House of Commons to 191 and for nine months were entrusted with the responsibility of government.

The following table shows the rise to power of the Labour party:<sup>18</sup>

### LABOUR'S ELECTORAL PROGRESS

General	Seats	Members	Labour
Election	Contested	Returned	Vote
1900	15	2	62,698
1906	50	29	323,195
1910 (Jan.)	78	40	505,690
1910 (Dec.)	56	42	370,802
1918	361	57	2,244,945
1922	414	142	4,236,733
1923	427	191	4,348,379
1924	514	151	5,487,620

The Labour party is a federation of the Trade Unions, the Trade Councils, the local party organizations, the Independent Labour party, the Fabian Society, and a number of other professional, cooperative and Socialist societies. The trade union membership constitutes the main rank and

<sup>16.</sup> Lord Hugh Cocil, Conservatism, p. 10-11.

<sup>17.</sup> National Union of Conservative and Unionist Associations, What the Conservative Government has done for Women and Children, 1925-1928.

<sup>18.</sup> Keith Hutchison, Labour in Politics, p. 115.

file of the party as well as its chief financial support. In 1926, out of a total membership in the Labour party of 3,388,286, there were 3,352,347 trade unionists.<sup>19</sup>

There have been Labour representatives in the House of Commons since 1874, but for all practical purposes they have been merely the left wing of the Liberal party. The first independent Labour member of Parliament was Keir Hardie, who in 1892 stood for West Ham and won. In the following years the Independent Labour party was organized under Hardie's leadership.20 In 1899 they secured the cooperation of the Trade Union Congress for "establishing a distinct Labour group in Parliament," and organized under the name of the Labour Representative Committee with J. Ramsay MacDonald as secretary. In the General Election of 1900 the new party contested 15 seats and won 2, polling a total vote of more than 62,000. In 1906 the labor group became known as the "Labour party," and in the elections of that year won 29 seats and received a popular vote of more than 323,000.

The period immediately preceding the war was a difficult one for the Labour party. Although they won 42 seats in the elections of 1910 they were again forced by Parliamentary circumstances to become more or less an adjunct to the Liberal party. With the Liberals and Conservatives holding an approximately equal number of seats in the House of Commons, the Labour party held the balance of power. By voting for or against the government they could turn it out of power, but they had no chance of forming an alternative government. If they put the Liberal government out, they would be putting the Conservatives in. The Labour party was thus tied to the support of the Liberals.

During the war, the Labour party ceased to function as a separate political unit. Although several of its more prominent leaders—including Mr. MacDonald, Philip Snowden and Keir Hardie—opposed British policy in the war, the rank and file of the party as well as most of its leaders supported the coalition government, and two of its leaders actually entered the government. Ten days after the Armistice, however, the Labour party withdrew its support from the coalition, and reverted to its independent political status.

The socialism of the Labour party differs radically from the doctrinaire socialism of the continent. Like all other English institutions it has a distinct British flavor. It is almost entirely unconcerned with and unaware of socialist theory. Its socialism is pragmatic. Its purpose is to promote the interests of the working classes and by strictly constitutional means to work toward the ideal of industrial democracy. The objects of the Labour party as set forth in their party constitution are as follows: 21

To secure for the producers by hand or by brain the full fruits of their industry, and the most equitable distribution thereof that may be possible, upon the basis of the common ownership of the means of production and the best obtainable system of popular administration and control of each industry or service.

Generally to promote the Political, Social, and Economic Emancipation of the People, and more particularly of those who depend directly upon their own exertions by hand or by brain for the means of life.

To co-operate with the Labour and Socialist organisations in the Dominions and Dependencies with a view to promoting the purposes of the Party and to take common action for the promotion of a higher standard of social and economic life for the working population of the respective countries.

To co-operate with the Labour and Socialist organisations in other countries, and to assist in organising a Federation of Nations for the maintenance of Freedom and Peace, for the establishment of suitable machinery for the adjustment and settlement of International Disputes by Conciliation or Judicial Arbitration, and for such International Legislation as may be practicable.

<sup>19.</sup> Labour Year Book, 1928, p. 20. 20. Keith Hutchison, Labour in Politics, p. 62-67.

<sup>21.</sup> The Labour Party, Labour and the Nation. From the Party Constitution, 1918.

### THE LIBERAL PARTY

The Liberal party, although reduced to only 40 seats in the House of Commons by the election of 1924, is nevertheless still a powerful force in British politics. A distinguished foreign observer<sup>22</sup> of British institutions states the position of the Liberal party:

"In its present form the Liberal Party is in the position of a great empire which has been reduced to the status of a second-rate power. It has lost its territories, its voters, and its strength, but it has retained its leaders who previously were accustomed to rule whole states. its general staff, its organization and party machine, its press, its intellectual schools, and finally a certain amount of its immense prestige. No matter what may be its present insignificant position, we must not lose sight of the fact that Liberalism, as a system of thought, is still fairly powerful, not only in those circles which can be officially classed as Liberal, but also throughout all classes of British society. There is still as in the past a Liberal point of view on all religious, economic, governmental and, above all, foreign questions."

Perhaps the greatest source of strength of the Liberal party is its distinguished leadership. Included in the party are such remarkable and diverse personalities as David Lloyd George, Sir Herbert Samuel, Sir John A. Simon, Walter Runciman, H. A. L. Fisher, Earl Grey of Falloden, the Earl of Reading, Sir Donald MacLean and Vivian Phillips on the political side, and such brilliant intellectual leaders as J. M. Keynes, Walter T. Layton, Ramsay Muir, L. T. Hobhouse, Philip Guedalla, D. H. Robertson and Sir Josiah Stamp.

The second important asset of the Liberal party is its powerful and influential newspaper support headed by The Manchester Guardian. Among other newspapers in Great Britain which are supporting the Liberal party, at least for the purposes of this election, are: The Observer (Sunday), The Sunday Express, The Daily Express, the powerful Daily Mail and The Evening News.

Although the Liberal party still stands staunchly for the principle of free trade—the issue upon which they first won the confidence of the electorate after the passage of the great Reform Bill of 1832—they have been forced to modify somewhat

their traditional devotion to the doctrine of *laissez faire*. A vigorous statement of the principles for which the Liberal party of today stands is given in the report of the Liberal Industrial Inquiry.<sup>23</sup>

"When it is asked how far it is the business of the State to attempt to set things right, we hold that the answer cannot be given in a phrase or a sentence. We are not with those who say that, whatever may be our present difficulties, the intervention of the State would only increase them. Nor do we share the views of the dwindling band who think that the right course is to hand over to the State the maximum of productive activity and industrial control. We have no love for State intervention in itself. On the contrary, we attach the greatest importance to the initiative of individuals and to their opportunity to back their opinion against that of the majority and to prove themselves right. But the methods of production have been subject of late to great changes. The theory that private competition, unregulated and unaided, will work out, with certainty, to the greatest advantage of the community is found by experience to be far from the truth. The scope of useful intervention by the whole Society, whether by constructive action of its own or by regulating or assisting private action, is seen to be much larger than was formerly supposed. . . .

"Liberalism stands for Liberty; but it is an error to think that a policy of liberty must be always negative, that the State can help liberty only by abstaining from action, that invariably men are freest when their Government does least. Withdraw the police from the streets of the towns, and you will, it is true, cease to interfere with the liberty of the criminal, but the law-abiding citizens will soon find that they are less free than before. Abolish compulsory education: the child, and perhaps his parent, will no longer be forced to do what they may perhaps not wish to do; but the adults of the next generation will be denied the power to read, to think, to succeed, which is essential to a real freedom. Repeal, to take one more example, the Shops Acts: short-sighted shopkeepers will be allowed to trade for longer hours, but other shopkeepers and the whole class of shop-assistants will be robbed of their proper share of the leisure without which life is a servitude. Often more law may mean more liberty. . . .

"...the Socialist is inclined to welcome extensions of State activity for their own sakes; he regards them all as stages on the road to an ideal which he cherishes. But the fact that

<sup>23.</sup> Britain's Industrial Future: being the Report of the Liberal Industrial Inquiry, 1928.

we do not share his ideal, and do not favour particular measures merely because they might be steps towards it, is no reason why, out of prejudice, we should close our eyes to whatever merits those measures may possess in themselves. If no one had ever generalised about Socialism, or used the word, or made it the rallying cry for a party, these measures might have been universally welcomed. It would be folly to reject what is right because some would have it lead to what is wrong.

"We refuse therefore to spend time or energy over the controversy between Individualism and Socialism, which has raged so long and with so lavish an expenditure of breath and ink and

temper. While the controversialists have exhausted themselves in struggling for theoretical objectives, work-a-day industry and political practice have moved far away from that issue; if it ever were a real issue, it is certainly now obsolete. To us those stalwarts of controversy seem to resemble the two knights in the story. who engaged in deadly combat in order to determine whether the shield which hung from a tree between them was gold or silver, only to discover that in fact it was gold on one side and silver on the other. Or perhaps it would be truer to say that they resemble two armies. each equipped with obsolete maps, and battling fiercely for the possession of fortifications which have long since been razed to the ground,"

#### CONCLUSION

In this report an attempt has been made to present in broad outline the outstanding factors in the forthcoming General Election in Great Britain. Space does not permit a more detailed review of the issues involved in what promises to be one of the most interesting and significant elections in post-war Britain. The electoral campaign is just beginning as this Information Service goes to press and it would be folly to attempt to predict what issues will develop as the campaign progresses.

Great Britain has not yet adjusted herself to the three-party system and one of the results of the present election will be to determine whether Great Britain will continue with three political parties or revert to the two-party system. If the Liberal party makes substantial gains, as seems probable at the moment, the threeparty system is likely to continue indefinitely. It is also probable in the event of a large Liberal gain that no party will win a majority of seats in the House of Commons and therefore two of the parties will be forced into an alliance or at least temporary cooperation. In that event whatever government is formed will exist by suffrance of the minor party and we may look forward to another election in the near future.

# A P P E N D I X THE RECORD OF THE CONSERVATIVES

The Conservative party is appealing to the country on the basis of its record while in office. Probably the most important of the Conservative measures have been:

1. The Trade Disputes and Trade Unions Act which was passed in 1927, Section I of which declared that "any strike having any object other than or in addition to the furtherance of a trade dispute within the trade or industry in which the strikers are engaged is illegal if it is designed or calculated to coerce the Government, either directly or by inflicting hardship upon the community."

This act contains a number of other provisions which are considered by organized labor and the Labour party to be detrimental to their interests. The Labour party is unalterably opposed to this act and promises to repeal it if returned to power.

2. A scheme of Rating Reform, popularly known as "de-rating," which was presented in the 1928 budget. This act proposes:

(a) As from October, 1929, all factories and property used for productive purposes should

be relieved of three-quarters of the local rates;
(b) Agricultural land and buildings which already enjoy relief to the extent of three-quarters of the rates should be relieved of all rates;

(c) Railway companies, canal, harbor and dock companies should also be relieved of three-quarters of their rates on condition that this relief is passed on in the form of reduced freights on certain products. In the case of the railway companies, the total relief will be approximately £4,000,000. One-fifth of this sum will go in relief of agricultural freights, while the other four-fifths will be used for the reduction of freights on coal, coke and patent fuel, mining timber, ironstone, iron ore, manganese and limestone for blast furnaces and steelworks;

(d) The whole of the amounts involved in the remission of rates should be transferred to the taxpayer, so that none of it will fall upon the ordinary ratepayer. (This will mean the State paying bigger grants to the local authorities, in order to make good the loss of rates);

(e) There shall be a new system of distribution of Exchequer grants to local authorities so as to make the burden fall more equally than at present upon one area as compared with another, and upon one industry as compared with another;

(f) The grants from the State to the local authorities should be still further increased so that there may be some reduction of rates for the ordinary ratepayer in the majority of areas in the country, and a big measure of relief to the ratepayer in the areas which are most highly rated today;

(g) In order to raise the necessary money a tax of 4d. per gallon should be imposed on foreign imported light oils. These consist mainly of petrol and the taxation will for the most

part fall upon the motor-user.

The scheme cannot be brought into complete operation until October, 1929, because it is necessary to pass two bills through Parliament, and it is also necessary to re-value the properties which are to be relieved from rates, an operation which will take at least twelve months to carry out.

3. An act passed in 1928 giving women the Parliamentary and Local Government Franchise on the same terms as men. This adds to the electorate 5,250,000 women between the ages of 21 and

In addition to these, other important Conservative measures are:

(a) A new measure for safeguarding industries was established in 1925. Duties have been imposed on imported lace, embroidery, cutlery, leather gloves, fabric gloves, gas mantles, wrap-ping paper, china, tableware and buttons. In most cases the duty is 33-1/3 per cent. Empire produce pays two-thirds of the full rates.

(b) The number of government officials has been reduced by 7,000. Government expendi-

tures have been reduced.

(c) Up to April, 1928, 100 juvenile unemployment centers had been established in the areas of 43 local educational authorities. The Unemployment Insurance Act (1927) gives the Minister of Labour power to make grants out of the Unemployment Fund towards the expenses of courses of instruction for persons of 16-18 years of age. A National Advisory Council for Juvenile Unemployment has been set up.

(d) The Conservative government has encouraged in a number of ways emigration and settle-

ment in the Dominions.

(e) The Conservative government in 1926 passed the Small Holdings and Allotments Act, providing facilities for the acquisition of small holdings by people of small means. Under this act, the agricultural worker is assisted to own his own cottage and a small piece of land.

(f) An average of more than £616,000 a year has been provided by the government for agricultural education and research.

(g) The British Sugar Act, 1925, provides for a subsidy in respect of home-grown beet

for ten years.

(h) The Conservative government has continued to subsidize the building of houses and has enacted legislation continuing the Rent Restriction Acts which protect the poorer sections of the community from being charged excessive rents during the period of housing shortage.

(i) The government has cooperated with local authorities in reconditioning houses in the slum

areas.

(j) The Conservative government enacted the Widows', Orphans' and Old Age Contribu-

tory Pensions Act. (k) The government passed the Legitimacy Act of 1926 enabling children born out of wed-

lock to be legitimized by the subsequent marriage of the parents. (1) The Electrical Supply Act was passed in 26. Its purpose is to bring about the co-1926. ordination and standardization of electricity

undertakings so that the electrical industry will be organized on a national as opposed to a local (m) In the 1929 budget the tax on tea which

has existed since the time of Queen Elizabeth was repealed. This will decrease the price of tea by 4d. a pound.

### THE GENERAL PROGRAM OF THE LABOUR PARTY

The general program of the Labour party which was authorized at the conference of the party in 1928 is summarized briefly as follows:25

### I. INDUSTRIAL LEGISLATION

- 1. The Repeal of the Trade Unions Act and the Restoration of Trade Union Rights.
- 2. The establishment of a 48-hour week.
- 3. The improvement and extension of Factory Acts, Mines Regulation Acts, Minimum Wage Acts, and other industrial legislation.

### II. UNEMPLOYMENT26 III. THE DEVELOPMENT OF INDUSTRY AND TRADE

- 1. The establishment of a National Economic Committee to advise the Government as to economic policy, and of a National Development and Employment Board to prepare schemes for the development of national resources.
- 2. The transference to public ownership of the coal, transport, power, and life insurance industries.
- 3. The relief of industry by the readjustment of

- the relations between national and local finance and by the taxation of land values.
- 4. The more stringent control of Banking and Credit, and their closer adaptation to the needs of industry.
- 5. The protection of the consumer against exploitation and the extension of the powers of the Food Council.
- 6. The establishment of the fullest possible publicity with regard to costs and profits.
- 7. The promotion of scientific research, with a view to the improvement of industrial tech-
- 8. The extension of the powers of the Economic Section of the League of Nations.

### IV. AGRICULTURE AND RURAL LIFE

- 1. The transference of land to public ownership.
- The establishment of security of tenure for efficient farmers.
- 3. The provision of credit on easy terms.
- 4. The stabilization of prices by the collective purchase of imported grain and meat.
- 5. The elimination of waste by the development of collective marketing.

The Labour Party, Labour and the Nation.
 Cf. p. 92, for unemployment program of the Labour

- The establishment of efficient services of electrical power and transport in rural areas.
- The protection of the agricultural worker by the effective enforcement of an adequate minimum wage and of reasonable hours of labor.
- The improvement of the services of health, housing and education in rural districts.
- The provision of facilities for the acquisition of land, and of an adequate supply of untied cottages.

# V. THE DEVELOPMENT OF THE SOCIAL SERVICES

- The passage of legislation to enable the larger local authorities to undertake such services as their citizens may desire, subject to due safeguards in respect of efficiency and capital expenditure.
- The provision of an adequate supply of houses at rents within the means of the workers, the establishment of cottage homes for the aged, and the prevention of profiteering in land and building materials.
- Slum clearance and the extension of town and regional planning.
- The provision of medical care before and after child-birth, and the extension and improvement of the school medical service.
- 5. The amendment of the Health Insurance Acts, and the extension of insurance, including additional medical benefits, to the dependents of insured workers and to sections of the population at present outside its scope.
- The improvement of pensions for the aged and of the allowances provided for widows and orphans.
- 7. The break-up of the Poor Law.

### VI. EDUCATION AND THE CARE OF CHILDHOOD

- The creation of a democratic system of education, adequately financed, free from the taint of class distinctions, and organized as a continuous whole from the Nursery School to the University.
- 2. The fullest possible provision for the physical well-being of children, by the establishment of the necessary number of Nursery Schools, openair schools and special schools for defective children, by the extension of school meals and by the further development of the school medical service.
- The adequate staffing of Primary Schools and the drastic reduction in the size of classes.
- The improvement of school buildings and the provision of books, equipment and amenities on a generous scale.
- The regrading of education in such a way as to secure primary education for all children up to 11, and secondary education, of varying types, for all children above that age.
- The extension of the school-leaving age to 15, with the necessary provision of maintenance allowances.
- 7. The establishment of easy access to Universities

and to other places of higher education, and the provision of adequate financial assistance for them.

#### VII. FINANCIAL POLICY

- The progressive reduction of expenditure on armaments.
- 2. The abolition of taxes upon the necessaries of life and of protective duties.
- The increase of the death duties upon large estates.
- The further graduation of the income tax so as to relieve the smaller, and increase the contribution from the larger, incomes.
- The establishment of an additional graduated surtax on incomes from property of over £500 per annum.
- 6. The taxation of land values.

# VIII. INTERNATIONAL PEACE AND COOPERATION<sup>27</sup>

# IX. THE BRITISH COMMONWEALTH OF NATIONS

- The establishment of the closest possible relationship between Great Britain and the Dominions.
- The recognition of the right of the Indian people to self-government, and the admission of India to the British Commonwealth of Nations on an equal footing with the self-governing Dominions.
- 3. The establishment of safeguards against the exploitation of indigenous peoples by European capital, the prevention of forced labor and of injurious or inequitable conditions of employment, the protection of such peoples in the occupation of their land and in the exercise of civic rights, and the development among them of the services of health and education.
- The strengthening and extension of the authority of the Mandates Commission of the League of Nations.
- 5. The development, in cooperation with the other States composing it, of the economic resources of the British Commonwealth of Nations, and the establishment of machinery for the advice and supervision of intending emigrants.

### X. POLITICAL DEMOCRACY

- The maintenance of the unquestioned supremacy of the House of Commons.
- Uncompromising resistance to the establishment of a second chamber with authority over finance and power to hamper the House of Commons and defeat democratic decisions.
- 3. The abolition of plural voting,
- Drastic legislation against corrupt practices at elections, and the abolition of practices which confer special political advantages upon wealth.
- The establishment of complete publicity with regard to party funds, and the termination of the practice of selling so-called honors.
- The creation of separate legislative assemblies in Scotland, Wales and England, with autonomous powers in matters of local concern.

<sup>27.</sup> Cf. p. 93.

### THE GENERAL PROGRAM OF THE LIBERAL PARTY

The general program of the Liberal party is to be found in the booklet, "We Can Conquer Unemployment," 28 and in "Britain's Industrial Future," a report of the Liberal Industrial Inquiry. The latter, a volume of some five hundred pages, is one of the most remarkable documents that has ever been published by a political party. It is an exhaustive analysis of the economic condition of Great Britain. While the report has never been officially adopted by the Liberal party, it represents the intellectual efforts of the leaders of that party. It is impossible to make a complete summary of the Liberal proposals here. Some of the outstanding points in the program are:

- 1. Drastic proposals are made for securing the effective publicity of accounts in the case of all public companies. Large public companies controlling more than 50 per cent of a product within Great Britain should be registered as a public corporation and should be subject to stringent provisions of publicity.
- 2. A Board of National Investment should be established to have charge of all capital resources accruing in the hands of the government.
- 3. An Economic General Staff should be established to cooperate with the Prime Minister and the Cabinet on economic policy.
- 4. Comprehensive proposals are made for improving the economic and statistical information of the government.
- 5. Consent and open discussion and voluntary arbitration are advocated in industrial disputes. They advocate a legally enforceable minimum wage by industries, family allowances and the wide extension of suitable forms of profit sharing.
- 6. The establishment in every industry of a representative regulating body, including both employers and workers, for the consideration of common interests, and endowed with the power of obtaining, under proper safeguards, legal sanction for their agreements.
- 7. Special safeguards should be taken against interruptions in the essential public services, provided, however, "that the ultimate right to strike or to lock out should not be impaired."
- 8. It is necessary to create machinery of organized cooperation in the individual factory and workshop.
- Elaborate suggestions are made for imperial development through encouraging emigration, supplying capital, opening up markets and developing communications.
- 10. "It is essential to national efficiency that there should be a great improvement in the arrangements by which boys and girls are placed in industry and trained for their life careers."

- 11. The formal constitution of the Bank of England should be modified to emphasize its character as a national institution.
  - (a) Dividends to the shareholders of the bank should be fixed permanently at their present figure.
  - (b) The Court of Directors should be reduced in size, and the method of appointment and qualifications of directors reconsidered.
  - (c) The term of office of the Governor should be fixed at five years, renewable for a further five years.
  - (d) Cooperation between the Treasury and the Bank of England should be expressly provided for in the inner management of the Bank.
- 12. The currency note issue and the Bank of England note issue should be amalgamated on a revised basis. There should be greater publicity throughout the whole field of finance.
- 13. A reform of the national accounts is necessary for intelligent criticism by the House of Commons and to secure economy.
- 14. Expenditure of the War Department should be reduced. Educational and social expenditure should be more wisely used.
- 15. The rating system should be reformed as follows:
  - (a) The relief of the able-bodied poor should be transferred from local authorities to the State and coordinated with the existing machinery for administering unemployment insurance.
  - (b) A substantial part of the expenditure on roads which is at present borne by local authorities should be transferred to an augmented road fund.
  - (c) The present system of grants-in-aid, which is in many respects highly advantageous, should be extended.

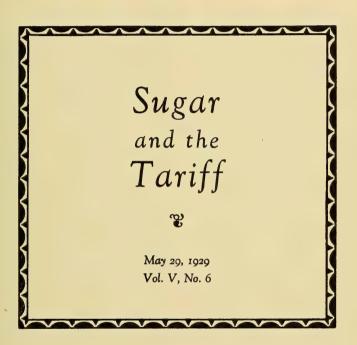
In addition to the above, other reforms in the rating system advocated by the Liberals are:

- (a) An alleviation of the burden imposed by the present system of rating might be obtained by the rating of site values.
- (b) A reform long overdue is the reorganization of rating areas.
- (c) So far as practicable, it is desirable to concentrate relief on industrial, agricultural, and business lands and premises, and on working-class dwellings. With this end in view, the possibility of differentiating the administration from the social services should be considered, with separate administrative and social rates, and graduation of the latter in accordance with some test of capacity to pay.

<sup>28.</sup> For Liberal unemployment program, cf. p. 91 of this Information Service report.

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## SUGAR AND THE TARIFF

by

#### RAYMOND LESLIE BUELL

with the aid of the Research Staff of the Foreign Policy Association

#### INTRODUCTION

THE tariff bill now before Congress pro-1 poses to increase the effective duty on sugar to 2.40 cents a pound. This proposal is part of a plan to help agriculture in the United States. It also involves our relations with the Philippines and Cuba, if not with the general problem of foreign trade. The United States consumes annually about 6,000,000 tons of sugar, nearly half of which comes from sugar cane produced in Cuba, which pays a duty of 1.76 cents a pound upon entering the United States; approximately 20 per cent comes from the beet sugar produced in about eighteen states in the Union and from the sugar cane produced in the southern United States, while the remainder, or about 32 per cent, is imported free of duty from Porto Rico, Hawaii and the Philippines. In value sugar is our fourth largest import. The duties on it constitute about one-quarter of our customs.

There are at least three interests involved in the proposal to increase the tariff on sugar:

- 1. The American beet- and cane-sugar producers who are anxious to increase the consumption in the United States of American sugar, at the expense of sugar from Cuba and the Philippines, and therefore favor an increase in duty.
- 2. The producers, many of whom are Americans, in the insular territories of the United States who wish to see the continuance of free trade with continental United States, and who are opposed to a reduction of the duty on foreign sugar.
- 3. The Cuban producers, many of whom are Americans, the American sugar-refiner, and the American consumer generally, all of whom are opposed to an increase in the sugar duty.

The first source of sugar is sugar cane.

The centrales of Cuba and Porto Rico usually grow their own cane or purchase it from sugar-cane growers (cólonos). The majority of the centrales sell their raw sugar to refineries located along the eastern seaboard of the United States.

## THE BEET-SUGAR INDUSTRY

The second source of sugar is the sugar beet. Although beet sugar is produced in about eighteen states, the most important centers of production are Michigan, Colorado, Nebraska, California and Utah. It is estimated that from 75,000 to 100,000 persons are engaged in this industry, and that there are about 102 sugar factories in the United States. Virtually all sugar-beet seed is imported from Europe because of the difficult and costly process of growing such seed in the United States. Beets are usually grown by independent farmers, for as a rule the beet-sugar refining companies do not grow the raw product themselves. Before the seed is planted, the farmer makes a contract with a company providing for the purchase of his beets at a certain minimum price. In addition, he is usually paid a bonus if the price of sugar goes beyond a certain figure.1 Much of the work in connection with sugarbeet production is seasonal, and it is customary for the farmer to hire labor on contract for the purpose of blocking, thinning, hoeing and harvesting. It seems that a large part of this contract work is provided by foreign and child labor.2 In 1927 the Bureau of Labor Statistics of the United States

<sup>1.</sup> In 1928 the Great Western Sugar Company paid the farmer, as an initial payment, \$1.00 a ton less than in previous years. Cf. Annual Report, February 28, 1929.

Vious years. C. Annual Report, retrictly 2.5, the social conditions in the cane-sugar industry in Porto Rico and Cuba have been described elsewhere. Cf. "The Problem of Porto Rico." F. P. A. Information Service, Vol. IV, No. 25, p. 449, and p. 116 of this report.

Department of Labor reported that "Mexicans are largely replacing the Belgians and German-Russians formerly used as laborers in the sugar-beet fields of Ohio, Michigan, Iowa, Minnesota, and North Dakota, and now comprise from 75 to 90 per cent of this class of agricultural workers." The Mexican is usually helped by his "wife and children, and lacking sufficient children, he assumes guardianship of other children," who are usually related to him.<sup>3</sup>

In 1923 the United States Children's Bureau published a report which showed that of the families studied 67 per cent of the children between six and sixteen, and nearly all of the mothers worked in the sugar-beet fields of Michigan.<sup>4</sup>

In the same year the National Child Labor Committee made a report of conditions in Michigan. It declared that nearly 74 per cent of the children of the families studied worked in beets-usually from eight to twelve hours a day, and in some cases from twelve to sixteen hours a day. In 1925 the same organization made a study of child labor in the sugar-beet fields of Colorado. Of all the workers required to do handwork on 16,707 acres of sugar beets, 49 per cent were children under sixteen years and 10 per cent were under ten years. The working-day during "thinning" in some cases averaged as high as thirteen hours and six minutes. The children belonged to families of Russian, German and Mexican nationality, who had contracted to work the beets.6

According to a recent study of the Institute of Government Research, Indian school children as young as eleven years of age have been sent to the beet fields of Colorado and Kansas. The report declares, "Even had all possible precaution been taken to safeguard their health and welfare, the taking of such young children hundreds of

miles from home to live in camps and engage in field labor cannot be defended."

It should, however, be pointed out that child labor exists in other forms of agriculture within the United States.<sup>72</sup>

The most important beet-sugar company in the United States is the Great Western Sugar Company which produces about 48 per cent of the total beet-sugar production. In its annual report of February 1929, the Great Western Sugar Company showed a dividend last year of \$6,090,000. The net income, after deductions had been made for depreciation, taxes and interest, amounted to \$7.785,699.98. The Great Western Sugar Company has paid annual dividends of 7 per cent on its preferred stock and \$2.80 upon its common stock of no par value. The latter dividend amounts to 33.6 per cent.3 The company asserts, however, that it is under-capitalized, and that, taking the last three years into account, the average earning on net assets is only 7.48 per cent.

Other beet-sugar companies, such as the American Beet Sugar Company and the Holly Sugar Corporation, are not so prosperous. The former earned 0.76 per cent per share of common stock in 1927, while the latter earned 7.25 per cent. Neither company paid dividends on common stock last year. In fact, according to the American Beet Sugar Association the average net losses of the beet-sugar companies, exclusive of the Great Western Sugar Company, have exceeded \$2,500,000 during the last three years.

In 1919 a Farmers' Union, a cooperative enterprise of beet-growers, attempted to build a sugar-beet factory. Although the Great Western Sugar Company had previously declined to construct a factory in this vicinity, it proceeded to do so in order to forestall the plans of the Farmers' Union. Believing that the company would now pro-

<sup>3.</sup> United States Daily, July 23, 1927, p. 5, col. 2.

Child Labor and the Work of Mothers in the Beet Fields of Colorado and Michigan, Children's Bureau Publication 115, 1823, p. 85, 107.

<sup>5.</sup> Armentrout, Brown, Gibbons, Child Labor in the Sugar Peat Fields of Michigan. National Child Labor Committee, New York 1923. A Committee of the Michigan legislature 'censured' the committees report. Report of the Legislature, Committee, Appointed by the Michigan Legislature, 1923 session.

<sup>868</sup>sion.

5. Sara A. Brown, Children Working in the Sugar Beet Fields of Certain Districts of the South Platte Valley, Colorado, National Child Labor Committee, 1925. Ct. also Coete, Children Working on Farms in Certain Sections of Northern Colorado. Colorado Agricultural College Bulletin, November 1926.

<sup>7.</sup> Lewis Meriam, The Problem of Indian Administration, 1928, p. 390, 524.

<sup>7</sup>a. Children in Agriculture, Children's Bureau Publication 187, 1929.

<sup>8.</sup> On July 8, 1927 the company issued 1,800,000 shares of no par value common stock in exchange for 600,000 shares of \$25 par value stock. Thus a holder of a share of the old stock received three shares of the new; he therefore receives an annual dividend of \$8.40 upon a capital sum of \$25. Farr, Manual of Sugar Companies, p. 31.

<sup>9.</sup> Tariff Readjustment, 1929. Hearings before the Committee on Ways and Means, House of Representatives, 70th Congress, 2nd Session, No. 13, January 21, 1929, p. 2351.

vide the desired facilities, the Farmers' Union stopped construction, whereupon it is charged the sugar company abandoned its project. Citing other instances where the Great Western Sugar Company was alleged to have engaged in questionable practices, a

United States attorney on February 6, 1929 filed an information in the United States District Court of Nebraska, charging the Great Western Sugar Company with conspiracy to restrain interstate commerce.<sup>10</sup>

#### THE SUGAR TARIFF

It has been the policy of the United States in every tariff act since 1789 to grant protection to the sugar industry.11 act of 1890 admitted sugar free of duty, but provided that domestic sugar should be paid a bounty of two cents a pound by the Federal government, and at one time five states The full duty on also granted bounties. sugar has ranged from 1.685 cents in the act of 1897, to 2.206 cents in the act of 1922—the rate which is in force today. The tariff acts of 1921 and 1922 increased the duty 76 per cent over the 1913 rate, 11a Today the duty on sugar is about 100 per cent ad valorem. It is estimated that the present duty costs the American consumer \$216,-500,000 a year, of which \$124,500,000 is available as revenue, while \$92,000,000 goes to the domestic producer. 12 Three members of the faculty of the University of Wisconsin13 estimate that the present duty increases the cost of sugar to the American farmer to the extent of \$64,000,000, while the beet-sugar producers benefit to the extent of only \$43,000,000—making a net loss to the farmer of \$21,000,000.

Apparently as a result of protection, beet sugar—which was negligible in 1890—now provides about 20 per cent of our total consumption of sugar. Nevertheless, the Tariff Commission has expressed the opinion that the whole sugar industry in the United States is not dependent upon the protective tariff for its existence. In 1919 it estimated that, had sugar been placed on the free list in 1916, 56.8 per cent of domestic beet sugar, 43.3 per cent of Porto Rican cane sugar, 48.6 per cent of Hawaiian sugar and

little or no Louisiana sugar would have survived. 14

Under Section 315 of the tariff act of 1922 the President is authorized to modify customs duties up to 50 per cent, so that the rate of duty imposed shall equalize the difference in costs of production between the domestic producer and his chief foreign competitor. On July 31, 1924 the Tariff Commission reported to the President on the difference in costs of production in Cuba and the United States. The majority declared that this difference was 1.2307 cents a pound—less than the existing duty of 1.76 cents—and therefore recommended a reduction in the tariff. The minority declared that the difference in costs was 1.8525 cents. It did not, however, recommend an increase in duty for the time being, on the ground that the data were still inadequate.15 President Coolidge declined to grant the decrease recommended by the majority.16

In a publication written by Mr. Philip G. Wright, the Institute of Economics declared in 1924 that the duty on Cuban sugar appeared to be unnecessarily high.<sup>17</sup>

In arriving at estimates of costs of production the Tariff Commission attempts to find a general average. The production cost in some cases is higher and in others lower than this average. Whether the duty on sugar should be increased or lowered depends upon whether the costs of the least efficient producer now in existence should be equalized with costs of competing producers abroad, and whether the present dependence of the United States upon Cuba for half of its sugar should be lessened. An increase in the sugar tariff would presumably increase the amount of sugar produced

<sup>10.</sup> The United States of America v. The Great Western Sugar Company, a Corporation. Information, February 6, 1929.

Philip G. Wright, Sugar in Relation to the Tariff, p. 95.
 The 1913 act fixed the duty on Cuban sugar at 1.0048

<sup>13.</sup> Ibid., p. 98.

<sup>13.</sup> Professors John R. Commons, Selig Perlman, and B. H. Hibbard. Cf. New York Herald Tribune, April 12, 1929, p. 19.

<sup>14.</sup> Costs of Production in the Sugar Industry, p. 41. Wright, cited, p. 132.

Sugar, Report of the United States Tariff Commission to the President of the United States, 1926, p. 69, 107.
 Ninth Annual Report of the Tariff Commission, 1925,

<sup>17.</sup> Wright, cited, p. 253.

in the United States (including the insular territories) and decrease the amount of Cuban sugar consumed. But a high tariff, according to the Institute of Economics, would "tend to raise the domestic marginal cost and encourage the entrance into the field of ineffective domestic producers who, once they have become established, can claim the 'vested rights' argument against a reduction of the duty. . . . "18 Presumably a higher duty would also increase the present profits of the more efficient producer.

#### ARGUMENTS FOR AN INCREASE IN THE SUGAR DUTY

American sugar-producers ask for an increase in the sugar duty (as well as a limitation on sugar imported free from the Philippines) as part of a plan of farm relief. The brief of the United States Beet Sugar Association says:

"The beet-sugar industry is facing a serious crisis, due to the impact of competition with sugar imported from foreign countries, produced under tropical conditions of living and wages. . . .

"Domestic sugar is practically the only important food commodity which is being sold at pre-war prices, notwithstanding that production costs have greatly increased. Today many of the beet-sugar companies are selling below the cost of production, and unless relief is accorded through an increase in the tariff on sugar they face disaster. It may be noted here that last year 23 of the 102 factories were unable to

The expansion of the sugar-beet industry is advocated as a means of diversifying American agriculture. The American Farm Bureau Federation says, "If the production of sugar beets or other sugar-producing crops can be expanded by the transfer of acreage from such surplus crops as corn, wheat, and other grain crops to the sugar crops, then the surplus problem is aided to that proportionate extent."20 During the last ten years beet-sugar production in the United States has been stationary, despite increased production in other parts of the world.

It is also stated that the best insurance of the American consumer against extreme fluctuations in sugar prices—which reached

18. Ibid., p. 253.

twenty and thirty cents a pound in 1919 and 1920—is a strong domestic industry.21 The expansion of the domestic sugar industry is further desirable upon the ground of national self-defense. Former President Coolidge has said, "It is important that as a Nation we should be independent as far as we may of overseas imports of food."22

It is declared that the American sugar tariff is lower than that of the majority of other countries,23 and that the development of the sugar industry is encouraged elsewhere. Thus the British Parliament enacted in 1925 a sugar subsidy act which provides for a subsidy to home-grown sugar beets of about \$4.25 a hundredweight during the first four years. The subsidy is gradually lessened, and comes to an end altogether by 1934. For 1927-1928 it totalled £4,310,456.24

#### ARGUMENTS AGAINST INCREASING THE SUGAR TARIFF

In reply to the above arguments, opponents of an increase in the sugar tariff assert that at present the world is suffering from over-production of sugar and that increasing the tariff of the United States would simply intensify this over-production by bringing new and less efficient producers into the field. It is declared that to increase the sugar tariff from 1.76 cents to 2.4 cents would place an additional burden, ranging from \$75,000,000 to \$150,000,000, upon the American consumer.24a

Tariff Readjustment—1929, cited, No. 13, p. 2405.
 Ibid., No. 14, p. 2517.

<sup>21.</sup> Statement of S. H. Love, president of the Beet Sugar Association, "Tariff Protects Consumer," The Christian Science Monitor, May 3, 1929.

<sup>22.</sup> Ninth Annual Report of the United States Tariff Com-mission, 1925, p. 117. Cf. M. M. Rice, "Beet Sugar and the Tariff," The Tariff Review, September 1928.

<sup>23.</sup> Tariff Readjustment-1929, cited, No. 13, p. 2412; cf. also Wright, cited, p. 102.

<sup>24.</sup> Before 1920 the granting of bounties was forbidden by ne Brussels Convention of 1902. Buell, International Rela-

the Brussels Convention of 1902. Eucli, International Rela-tions, p. 144 British Government lowered the tariff on raw sugars to assist British refiners. This enabled them to mo-nopolize all British markets, to the detriment of Czechoslovakia, The Economist, February 9, 1929, p. 40. The European beet-surar industrie cannot be provided the property of the industrie, Wistochaftselenst, April 19. 1929. For the Czech industrie, Wistochaftselenst, April 19, 1929. For the Czech situation, cf. Encyclopédie Tchécoslovaque, Industrie et Com-merce. Chauter VI. merce, Chapter VI.

merce, Chapter VI.
Russia has about reached her pre-war level of sugar-beet production. Cf. "The Sugar Industry of the Soviet Union," Economic Review of the Soviet Union, February I, 1928.
For the Java industry, Cf. De Javasukerindustrie in Heden en Verleden Het Koloniale Bedrijfslewen. Amsterdam, 1928.
Java sugar is marketed primarily in India, Japan and China Exports to Europe fell off rom 2,924.41 yr. 1828.

Exports to Europe fell off rom 2,934.41 yr. is decline was due to the revival of the European beet-sugar industry.

<sup>24</sup>a. In reply it has been stated that a part if not all of the increased tariff will be borne by Cuba.

It is stated that the more important sugar producers in the United States do not need further protection as they are already declaring large dividends; 25 that an increased tariff would simply bring into existence additional inefficient producers and swell the profits of the efficient producers, to the injury of the American consumer and our foreign trade.

It is alleged that an increased sugar tariff would encourage the demand for Mexican and child labor in the United States, and that any profits would go to the sugar companies rather than to the beet-growing farmer.

It is stated that an increased sugar tariff would further injure Cuba's capacity to purchase American agricultural produce. An increased duty would, according to this view, diminish the export of agricultural products to Cuba and thus injure American agriculture. Between 1924 and 1927 exports of canned milk from the United States to Cuba declined from 34,000,000 to 14,000,000 pounds, while exports of corn declined similarly from 2.500,000 to 1.600,000 bushels. The export trade generally of the United States with Cuba declined from an average annual figure of \$181,300,000 between 1921 and 1925 to \$128,000,000 in 1928; and this decline has been due in part, it is alleged, to the 1922 American tariff. The brief of the Association of Mill Owners of Cuba declared, "No more certain way could be found of extinguishing Cuba as an export market for our surplus manufactures than in impoverishing her sugar industry."26

While the price of sugar for the time being is low, this is due, according to this view, to world causes which will eventually bring about a readjustment of supply and demand, and it would be unfair to take advantage of temporary conditions to increase duties, especially when the United States Tariff Commission and the Institute of

Economics have recommended that the sugar duty be lowered.

It is urged that increased sugar-beet production is handicapped, not by inadequate tariff protection, but by the curly-top disease. According to the Department of Agriculture this is a "limiting factor in many of the beet-growing areas" for which no control has been discovered.27 Despite the 1922 tariff, beet-sugar production has remained stationary. It is declared that production costs are cheaper in the Philippines. Therefore it is argued that an increased sugar duty would simply increase sugar production in Porto Rico, Hawaii and the Philippines. Testifying before the Ways and Means Committee, Mr. W. D. Lippitt, general manager of the Great Western Sugar Company, declared:

"I doubt that any reasonable tariff would permit us to expand the industry in any reasonable period of time to supply our own requirements. I think, even under such an increase as has been suggested, that our increase in production, our expansion in continental United States, would barely keep pace with the increase in consumption, and unless the Philippine question is handled along with this and made a part of it, I doubt if we can increase at all." 28

In reply to the argument of national selfdefense, it is stated that the efforts of nations to become self-supporting in raw materials is a cause for competition which may lead to war; that in the case of sugar it is impossible for the United States really to become self-supporting simply because the seed of its sugar-beet industry must be imported from Europe. In fact, if it is essential for the United States to have a secure wartime supply of sugar, this supply can only be adequately secured in Cuba, simply because of the limitation of domestic production in the United States and the difficulty of defending the Philippines. By virtue of the Platt amendment Cuba must in effect become a belligerent when the United States goes to war; and the communications between Cuba and the United States may be defended with comparative ease. It is therefore argued that an increased tariff on Cuban sugar will simply impair a source of

<sup>25.</sup> For the Western Sugar Company dividend, cf. p. 104. Leading Hawaii companies averaged dividends of 15.45 per cent in 1927. Porto Rico dividends in some cases have reached 33 1/3 per cent. Cf. "The Problem of Porto Rico," cited, p. 2450. Dee Philippine concern is reported to have made a 51 per cent profit, Compressional Record, April 6, 1928, p. 6285. While this figure has been denied, it is admitted that the hast test and a sum and the profit of the San Carlos Milling Company for the last test per cent profit, Philippine Sugar Industry, Philippine Sugar Association, p. 24.

<sup>26.</sup> Tariff Readjustment-1929, cited, No. 13, p. 2333.

<sup>27.</sup> Yearbook of Agriculture, 1927, p. 603.

<sup>28.</sup> Tariff Readjustment-1929, cited, No. 13, p. 2385.

supply essential to the United States in war-

It is urged that an increase in the sugar duty would be unjust to American capital invested in Cuba. Only one out of twenty-two Cuban companies paid a dividend in 1926-1927 and the record is little better for the preceding three years.<sup>29</sup> At least two-thirds of Cuban production is under foreign control.

Moreover, it is argued that the sugar in-

dustry in Cuba was given its impetus by the Platt amendment and the reciprocity treaty of 1902. The Cuban Government accepted a price control by the United States over sugar during the World War which prevented Cuban producers from making the millions of dollars that might have accrued to them under a free market. To cripple the sugar industry of Cuba by increasing the American tariff now, it is alleged, would be an act of international bad faith.

#### THE SITUATION IN THE PHILIPPINES

Although free trade has existed between Porto Rico and the United States ever since the Foraker act of 1900, this régime was established between the Philippines and the United States only in the tariff act of 1909. That act, however, restricted the free importation of Philippine sugar to 300,000 tons. 30 At this time the Philippines exported to the United States only 52,234 tons of This figure increased gradually to 296.113 tons in 1924, and jumped to 456,658 tons in 1925 and 500,290 tons in 1927. The increases since 1923 have been attributed in part to the Fordney-McCumber tariff on sugar. At present, however, the Philippines provide the United States with only 8.59 per cent of its sugar.

Believing that "the unlimited and constantly increasing duty-free importation of Philippine sugar into the United States constitutes a grave menace to the continuation of the domestic sugar industry," Congressman Timberlake of Colorado introduced a resolution in February 1928 which proposed to limit to 500,000 tons the amount of sugar that might annually enter the United States free of duty.

The sugar industry does not seem to have the same hold upon the Philippines as it has upon Cuba, Porto Rico and Hawaii. While sugar comprises about 50 per cent of the exports of Porto Rico, 59 per cent of Hawaii's and 80 per cent of Cuba's exports, it comprises only 32 per cent of the exports

23. Cf. the Exhibits, Tariff Readjustments—1929, cited, No. 13, p. 2352.

of the Philippines.<sup>31</sup> The expansion of the sugar industry here has been restricted by laws forbidding corporations to hold land in excess of 2,500 acres, by the Chinese exclusion laws, and by general uncertainty as to the political future.

At present there are in the Philippines about thirty-six centrales—having an annual output of about 600,000 metric tonshalf of which are in the hands of Filipinos. 32 Between 1916 and 1920 the Philippine Government advanced funds for the construction of eight centrales, the stock of which was to be owned by tributary planters.33 "The successful mills in the Philippines are generally not engaged in the cultivation of the cane. The cane is produced on many small farms operated by Filipinos owning the land, or the tenants of other Filipinos who own the land."34 This seems to be in contrast to the system of production by wage earners and cólonos in Porto Rico and Cuba.35

The proposal to restrict the amount of duty-free sugar entering the United States from the Philippines has met strong opposition, and was not accepted by the House Ways and Means Committee. It is alleged that while the proposal would not do immediate damage to the Philippine industry, it would prevent future developments, to the economic detriment of the islands.

<sup>30.</sup> It also excepted rice, and imposed limitations on the free importation of various types of tobacco. In the case of Downes v. Bidwell, 182 U. S. 244, the Supreme Court decided that Congress had the power to draw up distinct tariff schedules for "unincorporated" territories. The tariff act of 1913 removed the sugar limitation of 300,000 tons.

<sup>31.</sup> Between 1898 and 1927 sugar production has increased 1,003 per cent in Porto Rico and 1,427 per cent in Cuba, but only 123 per cent in the Philippines. Facts and Statistics about the Philippine Sugar Industry, cited, p. 1.

<sup>32.</sup> Twenty-eight per cent of the centrales are owned by Americans; 22 per cent by Spaniards. Facts and Statistics about the Philippine Sugar Industry, cited, p. 46.

<sup>33.</sup> Tariff Readjustment-1929, Reprint, Statement of Major-General Frank McIntyre, representing the Philippine Government, p. 15.

<sup>34.</sup> Ibid., p. 17.

<sup>35. &</sup>quot;The Problem of Porto Rico," cited, cf. also p. 116 of this report.

Moreover, the United States may now export its goods freely into the Philippines. The Philippines, however, are not free to enter into tariff agreements with their neighbors. As long as this tariff régime exists, it is only just, according to this view, that the United States should give the Philippines free access to our markets. On August 15, 1928, Governor Henry L. Stimson declared to the American Chamber of Commerce in the Philippines that the adoption of the Timberlake resolution "would mean going back to those old doctrines of colonial relations of 300 years ago, which held that the colonies of a country existed only for the benefit of the mother country and could be exploited at will by that country. . . . The American Flag stands today not only for individual freedom but for freedom of trade for all people under that Flag. . . ."

In the majority of the colonies of the world duties are levied upon goods entering from the mother country, and vice versa. In some cases discriminations are made, but, in those colonies following the principle of the open door, the same duty is charged on goods from the mother country as on goods from foreign soil. For example, British manufactures entering Nigeria must pay the same duties as American manufactures. In the Philippines American manufactures may enter free, while British manufactures must pay a duty. As a result of this closed-door régime, about three-fifths of the trade of the Philippines is with the United States. A recent editorial in The New Republic states:

". . . Is there not something artificial in the fact that the United States, 7,000 miles removed from these islands, should dominate their trade? . . . The American tariff has artificially diverted to a far-distant United States trade that, under the open-door tariff régime, would have gone in large part to China, Japan and other parts of the East. . . . The American tariff policy has been an instrument for placing the Philippines in economic dependence upon the United States. Opponents of Philippine independence now use this instrument, which was deliberately created by American policy, as an argument why our promises to these people cannot now be fulfilled. The one advantage of the Timberlake resolution is that it exposes the shallow hypocrisy of this contention. If it were accompanied by a provision granting the Philippine legislature full tariff autonomy, it might well be supported. . . . Every effort must be made to prevent the sugar industry from dominating the life of the Philippines as it has already come to dominate the life of Hawaii, Porto Rico and Cuba. Every effort must be made to stimulate a diversified system of agriculture, in which the Filipino farmer will work for himself and not for a foreign capitalist."36

Mr. Pedro Guevara, Philippine Commissioner, stated before the Ways and Means Committee, "... if this suggestion is going to be adopted, a clause also ought to be inserted in the tariff law granting independence to the people of the Philippine Islands. If that is done, we will have no objection to it." 37

General McIntyre has stated that progress in production in the future will be slow. But Mr. Pedro Guevara is reported to have declared that sugar production in the Philippines will reach 1,500,000 tons within fifteen or twenty years.<sup>38</sup>

#### SUGAR PRODUCTION IN CUBA

The comparatively small island of Cuba is the world's leading producer of cane sugar, being responsible for nearly a quarter of the world's annual crop. "Cuba has vast areas of land better adapted, perhaps, than any other region in the world both with respect to soil and climate for the production of sugar." <sup>33</sup>

Serious cultivation of sugar in Cuba began in about 1790. Originally it was a crop cultivated by a comparatively large number of farmers, each possessing a primitive grinding mill (ingenio).<sup>40</sup> In 1827 there were a thousand grinding mills in Cuba, a number that had increased to 2,000 in 1860.<sup>41</sup>

The invention of machinery brought about a revolution in the Cuban sugar industry.

<sup>36. &</sup>quot;The Future of the Philippines," The New Republic, May 1, 1923.
37. Tariff Readjustment-1929, cited, No. 13, p. 2374.

<sup>38.</sup> A. P. dispatch, Diario de la Marina, January 9, 1929.

<sup>39.</sup> Wright, cited, p. 100.

<sup>40.</sup> Ramiro Guerra y Sánchez, Azúcar y población en las Antillas, p. 45. 41. Ibid., p. 52.

Primitive grinding mills gradually gave way to gigantic centrales having a capacity of thousands of sacks a season. The introduction of railways made it possible to transport sugar cane long distances—another incentive to expansion. Since large-scale production requires large investments, it proved impossible for each sugar planter to possess his own mechanical mill; consequently a tendency to concentrate began. Originally the growing and grinding of cane had been performed by a single producer, but the process now became divided. The sugarcane grower, called a cólono, came to sell his cane to a central—usually the property of an independent capitalist—which relied for raw material upon the sugar fields of a number of cultivators. But the more the centrales competed with each other for cane, the better the price the cólonos received and the more uncertain became the centrales' source of supply. So great was the capacity of each central and so large the investment that it became necessary, if each central were to be profitably operated, for it to find secure and ample sources of cane. central therefore began to buy up or establish exclusive control over vast areas of sugar land. By building private railways through land nominally owned by independent farmers and by building private ports, sugar centrales came to mark out certain zones in which they enjoyed a virtual monopoly. In this process the small, independent proprietor began to disappear: in his place large estates were created, owned in many cases by corporations or absentee landlords and operated by wage earners or The 2,000 sugar mills tenant farmers. were gradually replaced by 180 centrales approximately the number which operates in Cuba today.

Despite this revolution in the methods of producing sugar, industry in Cuba did not flourish so long as the island remained under Spain, for intermittent wars of independence, and uncertainty as to the political future made foreign capital hesitant. But following the acquisition of independence by Cuba as a result of the Spanish-American War, foreign capital flowed into the country. Its entrance was facilitated by the American military occupation under General Wood—notably by the extermination of yellow

fever, the general improvement of sanitary conditions, and liberal railway and banking legislation. Finally, the Platt amendment and the reciprocity treaty of 1902 gave Cuba a guarantee of political stability and a special commercial position on the American market.

## THE CUBA RECIPROCITY TREATY OF 1902

Referring to the permanent treaty of May 22, 1903 which embodied the Platt amendment, the United States Tariff Commission has said: "It is important to recognize that without this guarantee of public order assuring labor and capital the enjoyment of the fruits of industry, the great commercial development which has subsequently occurred in the Island would have been impossible... The United States has greatly profited by the opportunity for profitable investment of capital in Cuba..." 122

In 1901 President Roosevelt stated that Cuba had accepted the Platt amendment which placed her "in closer and more friendly relations with us than with any other power"; the United States was therefore bound to "pass commercial measures in the interest of her material well-being."43 In March 1902 a reciprocity bill was introduced into the House authorizing the President to negotiate an agreement contemplating a 20 per cent reduction in duties until December 1903, provided Cuba adopted immigration laws as restrictive as those of the United States. It was hoped that the Cuban industry could be restored by the latter date, because the bounties given European sugar were to come to an end in September 1903 as a result of the Brussels Convention.44

Opposition to reciprocity, however, arose from American beet-sugar interests and others, who contended that Cuban sugar would injure the American beet-sugar industry which had been built up by the protective tariff. It was also contended that

<sup>42.</sup> Reciprocity and Commercial Treaties, United States Tariff Commission, 1919, p. 322.

<sup>43.</sup> Message of December 3, 1901. Effects of the Cuban Reciprocity Treaty, United States Tariff Commission, 1929. p. 388.

<sup>44.</sup> Cf. footnote 24, p. 106.

the reciprocity agreement would benefit not the Cuban producer but the American Sugar Refining Company, popularly known as the "Sugar Trust," which converted Cuban raw sugar into the refined product.

The reciprocity bill as amended was finally passed and went to the Senate. Here a committee was appointed to investigate the truth of the charges that reciprocity would benefit only the Sugar Trust. On July 1, 1902 Congress adjourned and the reciprocity bill died in Senate committee.

Undaunted by the failure of this method to secure reciprocity, President Roosevelt proceeded to negotiate a reciprocity agreement with Cuba. This agreement, signed on December 11, 1902, provided that all Cuban goods not on the free list should enter the United States at a reduction of 20 per cent from the ordinary tariff rates. Dutiable American goods imported into Cuba were to be divided into four classes, entering at rates which were respectively 25, 30 and 40 per cent below the regular Cuban rates. Duties could not be imposed in the future upon goods then on the free list.

In accordance with its terms, President Roosevelt placed the agreement before both branches of Congress for their approval. Although the same arguments were used against reciprocity as had been used in the past, both the House and Senate approved the convention, and it was proclaimed on December 17, 1903. In December 1902 the American Sugar Refining Company, which previously had confined its holdings to cane sugar, purchased \$7,500,000 of stock in the American Beet Sugar Company. 45 Thus the opposition of the beet-sugar interests to the agreement was partly removed.

#### EFFECTS OF THE TREATY

Under the reciprocity agreement, therefore, Cuban sugar received a reduction of 20 per cent of the full-duty upon entering the United States. What effect did this reduction have upon the Cuban sugar industry? In 1903 Cuban sugar constituted 45.9 per cent of the total sugar imports of the

Thus between 1904 and 1910 full-duty sugar competed against Cuban sugar, entering at a 20 per cent reduction in duty. "As a consequence, in these years the larger part of the remitted duty went to the Cuban producer. This involved a loss to the United States Treasury without a corresponding gain to the American consumer."48 Thereafter, however, full-duty sugar virtually disappeared from the American market.49 As a result, the price of sugar in the United States was determined by the competition of the Cuban sugar producers among themselves and by the duty on Cuban sugar, instead of by full-duty sugar which no longer entered the country. The United States Tariff Commission concluded therefore that in 1913 the remission of the duty on Cuban sugar had "enured wholly to the benefit of the American purchaser of Cuban sugar. In this year and later the amount of protection to the domestic producers and to the producers of the noncontiguous territories was less, by the amount of the Cuban preference, than the rate of duty in the tariff act."50 In other words, the Cuban reciprocity treaty now benefits the American sugar refiners and not the Cuban sugar producers, simply because full-duty sugar, having been driven out by Cuban competition and this tariff advantage, no longer enters the United States. So far as the sugar industry of Cuba is concerned, the reciprocity agreement at present is of little value.

Nevertheless, the reciprocity agreement proved of distinct advantage to Cuban sugar producers before 1913. Had it not been for this agreement it is reasonable to believe

United States, 34.5 per cent coming from other foreign countries.<sup>46</sup> In 1904, the first year in which the reciprocity treaty was in effect, the percentage of Cuban sugar rose to 60 per cent. While it subsequently declined it reached 60.8 per cent in 1910. The percentage of full-duty sugar declined from 23 per cent in 1909 to 7.1 per cent in 1910 and thereafter steadily fell away, so that in 1914 only 0.3 per cent of the sugar imported into the United States was full-duty sugar.<sup>47</sup>

<sup>46.</sup> The remainder came from the non-contiguous territories of the United States.

Effects of the Cuban Reciprocity Treaty, cited, p. 66.
 Reciprocity and Commercial Treaties, cited, p. 336.

<sup>49.</sup> Except in 1920 when, because of an abnormal post-war demand, it constituted 19.9 per cent of the imports of the United States.

<sup>50.</sup> Effects of the Cuban Reciprocity Treaty, cited, p. 78.

<sup>45.</sup> Effects of the Cuban Reciprocity Treaty, cited, p. 435.

that Java cane sugar and European beet sugar would have continued to compete for the American market as they did before 1913 and that the Cuban sugar industry would not have grown to its present proportions.

Since 1900 American capital has poured into Cuba. Our investments there are greater than in any other country except Canada. They are now estimated to be \$1,150,000,000, of which about \$600,000,000 is in the sugar industry. About 79 per cent of the total exports of Cuba consist of raw sugar. The production of sugar is in the hands of 180 centrales. It is estimated that these centrales own or control about 20 per cent of the area of Cuba, or about half of the arable land. 20

#### SUGAR PRODUCTION AND THE WORLD WAR

During the World War demands for Cuban sugar greatly increased. To prevent the price of sugar from becoming excessive, the United States established a Sugar Equalization Board, following its entrance into the war. In 1918 this board contracted to purchase the entire Cuban crop at a price fixed by the board at 5.50 cents a pound. The board then sold this sugar at a margin of .33 cents a pound which netted it a profit The Cuban Government of \$42,000,000.53 accepted this price control, partly because of a desire to win the war, and partly because of its dependence upon the Allies for food and shipping. At the same time, Cuban production increased as follows:

#### CUBAN SUGAR PRODUCTION, 1914-1920

Long Tons (2,240 lbs.)

		Dong Tons	(2,210 105)	Cuba's
Crop		Total World	of Which	Per Cent of
Year	Sug	gar Production	Cuba Produced	World Output
1913-14		18,436,478	2,597,732	14.09
1914-15		18,484,889	2,592,667	14.02
1915-16		16,869,894	3,007,915	17.83
1916-17		17,098,612	3,023,720	17.68
1917-18		17,380,831	3,446,083	19.82
1918-19		15,797,460	3,971,776	25.14
1919-20		15,495,142	3,730,077	24.07

Farr, Manual of Sugar Companies, 1928, p. 12.

Senator Cortina has said: "No country of the world was as generous with its products as was Cuba during the World War.... Since the war, this act of Cuba [in accepting price control] has found no compensation of a protective nature in the tariffs of any country." On the contrary, the United States increased its duty on Cuban sugar to nearly two cents a pound, "that is to say, equal to what it costs to produce sugar in Cuba." 54

In 1919 the price control over sugar came to an end. There followed a violent fluctuation in sugar prices. On April 1, 1920 the price was 13 cents—on May 19 it had risen to 22½ cents. Speculation became widespread and Cubans and Americans for a

time made fortunes. The period was known as "the Dance of the Millions." Suddenly the price collapsed, reaching 33/4 cents on December 13, 1920. Speculators and others who had contracted to purchase cane at a certain figure now found themselves unable to dispose of their crop except at a loss. Many could not meet the sums they had borrowed from the banks to move the crops. and went into bankruptcy, dragging about four banks with them. American finance went to the rescue. Professor Jenks writes. "In her greatest despair since 1902, Cuba was stripped of credit facilities other than those provided by American banks who stood by their Cuban business. The National City Bank of New York and the Royal Bank of Canada replaced the Banco Nacional and Banco Español as the leading banks of Cuba."55 As a result of this process of

Comercio Exterior, Cuba, Secretaría de Hacienda, 1926,
 Jenks, cited, p. 299.

<sup>52.</sup> Ramiro Guerra y Sanchez, cited, p. 66; Jenks, cited, p. 286.

<sup>53.</sup> Jenks, cited, p. 203.

<sup>54.</sup> José Manuel Cortina, El Azúcar y la Nación Cubana, Havana, 1926, p. 21.

<sup>55.</sup> Jenks, cited, p. 245. Cf. also Comisión Temporal de Liquidación Bancaria, Cuba, 1924.

liquidation, the ownership of the Cuban sugar industry to a certain extent passed to American hands. Whereas before the World War foreign-owned mills produced about 35 per cent of the crop, in 1926-1927 it was estimated that they controlled about two-thirds.<sup>57</sup>

Many of these foreign mills, sometimes backed by unlimited resources from the United States, began to expand, rather than to contract production. The growth of the Cuban sugar crop between 1919 and 1925 is as follows:

#### CUBAN SUGAR PRODUCTION, 1921-1925

Long Tons (2,240 lbs.) Cuha's Crop Total World of Which Per Cent of Year Sugar Production Cuba Produced World Output 1920-21 ...... 16,652,775 3,936,040 23.04 1921-22 ..... 22.64 17,649,687 3,996,387 1922-23 ...... 18.359.484 3.602.910 19,62 1923-24 ..... 20,096,012 4,066,642 20.23 1924-25 ...... 23,687,379 5,125,970 21.64

Weekly Statistical Sugar Trade Journal (Willett & Gray), January 10, 1929, p. 23.

#### BANKRUPTCY THREATENED BY LOW PRICES

In 1921 and 1922 the United States increased the tariff on sugar<sup>68</sup>—an increase which was viewed with alarm in Cuba. Nevertheless, the price of sugar gradually began to recover until in 1923 the average price was 5.24 cents a pound. Thereafter it began to fall—in 1924 it was 4.186 cents and in 1925 and 1926 it averaged about 2.5 cents. In 1927 it averaged 2.957 cents and in 1928 2.459 cents.<sup>59</sup> Cuban companies have passed their dividends for several years,<sup>60</sup> and Cubans state that the whole economic foundation of the country is in a critical condition.

If left to the fate of the law of supply and demand, the least efficient producer would soon, under these conditions, be forced into bankruptcy, leaving the future sugar market to the strongest. But apparently the Cuban Government believed that the operation of this law would work to the advantage of the powerful American companies and to the disadvantage of the weaker Cuban producers. It is stated that at present American-owned centrales obtain lower rates of interest than do Cuban centrales—an item of importance inasmuch as the average central must secure an annual advance of half a million dollars in order to

move a crop.61 It is also stated that costs of production are higher for Cuban than for American producers, i. e. Cubans must pay higher prices for sacks, etc., because they buy in smaller lots and generally they have more difficulty in selling in the American market than the American central. The Cuban rather than the American centrales are the "marginal" producers; and if the reduction of the sugar crop is left to the ordinary operation of the law of supply and demand, the Cuban producer would be the first to go out of business, leaving the field to foreign capital. Others do not accept entirely this analysis. They state that the strongest Cuban producers, who are responsible for about half of the crop still in Cuban hands, obtain credit and marketing facilities upon exactly the same terms as foreign producers.

## CROP-RESTRICTION LAWS IN CUBA

Apparently in an attempt to forestall the danger of complete foreign control, the government decided to impose a crop restriction on all sugar companies in the island.<sup>62</sup> On May 3, 1926 the Cuban Congress voted a law granting the President power to set the dates on which sugar-grinding could take place, and to limit up to 90 per cent of the estimated crop the amount of cane which

<sup>57.</sup> Ibid., p. 283, 284.

<sup>58.</sup> Cf. p. 105.

<sup>59.</sup> Exclusive of United States duty.

<sup>60.</sup> Cf. p. 108.

<sup>61.</sup> Dr. Mario Díaz Cruz, "Plan para solucionar el problema azucarero," Boletín Oficial de la Cámara de Comercio de la República de Cuba, March 1929, p. 174.

<sup>62.</sup> José Manuel Cortina, cited.

each sugar mill might grind. Mills grinding in excess of such a limitation were subject to a tax of \$5 per sack of sugar, the proceeds of which were to go into a special fund for public works. Under the authority of this law, President Machado fixed the opening of the sugar season at January 1, 1927; when he limited the crop for 1926-1927 to 4,500,000 tons.<sup>53</sup>

A more extensive sugar restriction law was enacted on October 4, 1927. This law established the National Sugar Defense Commission, composed of five members appointed by the Cuban President. The commission was to estimate the sugar required for consumption in Cuba, the United States and other countries. And upon this basis, the President was to fix the amount of the authorized Cuban crop for the following year, unless limitation merely resulted in increased production in other countries. Sugar mills violating the restriction were liable to a fine of \$20 per sack in excess of their authorized allowance.

The 1927 law also provided for a Cuba Sugar Export Company which was to be solely responsible for the sale of Cuban sugar in excess of that required for consumption in Cuba and the United States. The government was to advance annually to the company \$250,000 to advertise Cuban sugar abroad. Stock in the Cuba Sugar Ex-

port Company could be held by sugar producers in proportion to the sugar which each manufactured.

Under the 1927 law, the sugar crop for 1927-1928 was restricted to 4,000,000 tons, 500,000 tons less than the previous year. Three million, three hundred thousand tons were earmarked for sale in the United States, and 600,000 tons in other foreign markets.64 Apparently the object of this provision was to restrict sugar exports to the United States so that the latter would have to import some full-duty sugar, thus giving Cuba the benefit of the preferential duty established in the reciprocity treaty of 1902. According to the United States Tariff Commission, the purpose of this plan was to increase the price of refined sugar one-half cent a pound, which would cost the American consumer \$35,000,000 annually.65

As a result of these restrictive measures, Cuban production declined 873,000 tons in the period from 1926 to 1928. The plan did not, however, work to Cuba's advantage, for production elsewhere merely increased—in Porto Rico from 541,485 to 670,831 tons; in Hawaii from 705,350 to 807,180 tons; in the Philippines from 436,705 to 622,704 tons; while beet-sugar production within the United States increased from 804,439 to 965,241 tons.66 (This last refers to refined sugar.)

### CUBAN SUGAR PRODUCTION, 1926-1929

	2015	110 (2,210 1001)	Cuba's
Crop	Total World	of Which	Per Cent of
Year	Sugar Production	Cuba Produced	World Output
1925-26	24,614,152	4,884,658	19.84
1926-27	23,733,172	4,508,521	18.95
1927-28	25,331,273	4,011,717	15.71
1928-29	26,709,600	4,900,000*	18.35

\*Estimate. Weekly Statistical Sugar Trade Journal (Willett & Gray), January 10, 1929, p. 23.

In a decree of December 27, 1928 President Machado ended the crop restriction régime and stated that henceforth the Cuban Sugar Export Company was to confine itself to advertising and compiling statistics.<sup>67</sup> As the above table shows, the 1928-1929 sugar crop, free of government restriction, will be about a million tons larger than the crop of the preceding year.

#### CUBAN PROPOSALS FOR A NEW TREATY

The Cuban Government now turned to a new plan. It undertook negotiations with the United States looking to the restoration of the privileges which Cuban producers en-

<sup>. 63.</sup> Decree No. 1505, September 21, 1926; Decree No. 1924, December 10, 1926,

<sup>64.</sup> In addition, certain reserves from the previous crop were similarly allocated. Decree of January 21, 1928. Gaceta Oficial, January 21, 1928, p. 976.

<sup>65.</sup> Effects of the Cuban Reciprocity Treaty, cited, p. 24. 66. Weekly Statistical Sugar Trade Journal (Willett & Gray), January 10, 1929, p. 23.

<sup>67.</sup> Ibid., p. 21.

joyed under the reciprocity agreement until 1913.

In making such a request Cuba invoked the special political position accorded her in the past by the United States, as well as the predominance of American investments in the island today. According to the Cuban Ambassador, Orestes Ferrara, "the banks of your Nation control the monetary market: American ships enter and leave Cuban ports paying less port duties than the ships of other nations by special provisions of the law, and 76.1 per cent in the year 1919, and 62.1 per cent in 1927, of the Cuban imports were products of the soil and industry of the United States."68 Instead of being given a favored position, the Cuban Government believes that it is treated more severely by the United States than other countries. Ambassador Ferrara states:

"Of the approximate \$600,000,000 customs duties collected annually, the products of Cuba pay to the American treasury about \$150,000,000. Canada, which exported to this country in 1927 \$475,028,148, paid around \$26,000,000. France, which exported to the United States \$167,799,661, paid more or less \$50,000,000, and the same happened with regard to Germany, whose exportations amounted to \$200,554,291. The United Kingdom, which shipped \$357,930,937, paid less than \$70,000,000. The products of the soil and industry of Cuba pay almost as much as the products of England, France, and Germany together, which are the three foremost nations exporting to this country.

"Taking the total of the Cuban exportations to the United States, including in this total the raw materials which are not subject to duty, the customs tariff levy an average duty on our products of 55 per cent in 1927; while it levies 18 per cent to England; 31 per cent to France; 25 per cent to Germany; 6 per cent to Canada; and 4 per cent to Japan."69

A somewhat opposing view of the tariff concessions made by Cuba to the American trade has been expressed by the United States Tariff Commission. In its report on the reciprocity treaty, the commission states:

"An appraisal leads to the conclusion that the concessions granted by Cuba have exerted an

influence upon trade which, even in the years immediately following the treaty, accounted for but a minor part of the expansion of United States exports to that island, and which at present is not the determining factor in any considerable percentage of the total trade. General and detailed comparisons between the expansion of exports to Cuba and the expansion of exports to other markets afford evidence that many factors, such as the nearness of Cuba to the United States, the efficiency of production and marketing, and the investment of American capital, rather than tariff favors account for the advance of American export trade."<sup>70</sup>

In a note of December 15, 1927 the Cuban Government advanced two different plans for amending the reciprocity treaty with the United States. The first plan would establish a greater degree of reciprocity between the two countries. Cuba would increase the present preference granted to American goods by 10 per cent, while the United States would increase its preference to Cuban goods from 20 per cent to 40 per cent. Sugar entering the United States free of duty from the Philippines would be limited to 300,000 tons.71 Apparently the object of this proposal is to increase the consumption of Cuban sugar in the United States at the expense of the Philippines and of the beet-sugar producer.

The second proposal of the Cuban Government is aimed at securing benefits for Cuba, but without interfering "with the protection extended to the competitive industries of the United States by the tariff." It proposes that machinery and certain agricultural and food products from the United States should enter Cuba free of duty-for the purpose of increasing the export of American agricultural produce. In order to make the preference real, Cuba promises not to lower duties to less than 15 per cent ad valorem. In addition Cuba proposes to increase the preference on about half of the remaining imports from the United States. The other half would not receive the benefit of the reduced duty.

In return for these concessions, the United States is to grant to Cuba a gradual reduction in the duties on sugar over a period of ten years until the duty is entirely

<sup>68.</sup> Note of January 10, 1929. Tariff Readjustment—1929, cited, No. 45, p. 9734. In 1927 79.1 per cent of Cuba's exports were to the United States, in comparison with 52.7 per cent in 1913. It should be noted, however, that the Royal Bank of Canada and N. Gelatz & Company are more powerful than any single American bank in Cuba.

<sup>69.</sup> Ibid., p. 9735. Virtually all governments, however, regard sugar as an article susceptible of a heavy duty, cf. p. 106.

<sup>70.</sup> Effects of the Cuban Reciprocity Treaty, cited, p. 25. 71. The text of the note is published in Tariff Readjust-mont—1929, cited, No. 45, p. 9736.

removed. But this benefit would be enjoyed only on a fixed quantity of sugar.<sup>72</sup>

The proposal to abolish in ten years the duty upon a restricted amount of Cuban sugar, would not, according to the Cuban Government, destroy the protection now given by the tariff to the American beetsugar industry.

"Inasmuch as only a limited quantity of Cuban sugar could be imported at the reduced rate (or duty free) and all additional amounts would have to be imported at the present rate of duty, it is to be expected that the price of sugar in the markets of the United States would not be depressed by that proportion of Cuban sugar which received more favored treatment, and that domestic sugars would continue to enjoy substantially the present tariff protection.

"The limitation upon the imports of Cuban sugar subject to reduced tariff rates would also tend to prevent the price of sugar in the American market from falling below the cost of production, thereby ruining the industry, as the Cuban sellers would not then be under the strong pressure which they are to-day to dispose of the largest amount of sugar possible in the American market. The United States under present conditions is greatly over-supplied with sugar-that is when the amount of the domestic and Cuban sugars available are added together. they are far in excess of immediate requirements. . . By fixing a limit to the quantity of Cuban sugar which would enter the United States at a reduced rate of duty (or duty free), the American market would be relieved to a large extent of the pressure which the present over-supply exerts and prices would tend to adjust themselves to the needs of consumption."

It was proposed to admit free of duty an annual amount ranging from 3,581,432 tons to 4.000,000 tons. After ten years the increase would be at the rate of 150,000 tons annually. These figures would be revised, if necessary, to protect the interests either of Cuba or the United States. It was subsequently reported that the Cuban Government favored the free admission into the United States of 2.500,000 tons. 73 In reply to these proposals Secretary of State Kellogg declared that they were "much more favorable to Cuba than to the United States." He declared that when the proposals of the Cuban Government were examined in the light of the report of the Tariff Commission on the reciprocity treaty, "it does not appear on what basis they can be justified."74

The Cuban Ambassador, in a note of January 10, 1929, expressed disagreement with some of the conclusions of the Tariff Commission in regard to the effects of the reciprocity treaty, and repeated the suggestion for a new treaty. In a note of March 2, 1929 the State Department declared that "careful consideration" was being given to the matter.

The Cuban plan was criticized by a representative of the American Beet Sugar Association, who stated that its adoption would mean the elimination of the beet-sugar industry in the United States.<sup>75</sup>

#### SOCIAL ASPECTS OF THE CUBAN SUGAR SITUATION

At present the sugar centrales of Cuba secure their cane either from "administration" farms-lands cultivated by wage earners under the immediate supervision of the central—or from cólonos. Sometimes the cólono owns his own land, but in the majority of cases he leases land from the central. The central advances money, usually at 8 per cent, to the cólono for the purpose of buying tools, oxen and other products necessary for cane cultivation. The company agrees to pay to the cólono the equivalent in money of 51/2 arrobas of sugar for each 100 arrobas of cane delivered, minus the advances made<sup>76</sup> and rent for the land. A cólono's contract usually runs for five or ten years. It frequently happens that the cólono gets hopelessly in debt to the central. In such a case he usually loses the ownership of any land in his possession. There does not seem, however, to be any peonage in Cuba. This type of one-crop agriculture, in which the tenant works upon a five- or ten-year contract, has not been regarded as conducive to the diversified or most productive use of the soil. The cólono has little incentive to improve his land or

<sup>72.</sup> The proposal also included a limitation on the duty on Cuban cigars to 50 per cent ad valorem. The maximum duty on other Cuban imports would be 35 per cent ad valorem.

<sup>73.</sup> La Prensa, March 11, 1929.

<sup>74.</sup> Tariff Readjustment-1929, cited, No. 45, p. 9736.

<sup>75.</sup> Diario de la Marina, March 14, 1929.

<sup>76.</sup> The text of a sample contract is published in Ramiro Guerra y Sánchez, cited, p. 179. An arroba is about 25 pounds.

even to erect a suitable dwelling. He usuually lives in the most primitive type of hut, having a thatched roof, no windows and a mere aperture for a door. The cultivation of cane is so exacting that few cólonos attempt to raise foodstuffs: in fact the cólono is severely restricted in such cultivation by his contract. The central insists that he cultivate sugar cane. A Cuban adviser to the Cuban Chamber of Commerce has said:

"In the logical order of things, we should be the richest people in the world. Nevertheless, our people are generally poor. The Cuban rural population lives submerged in misery, in houses of palm-leaves, lacking even the most elementary things of modern life. They enjoy neither the comforts nor the well-being of the farmers of other countries less favored than ourselves by nature. Their food is usually reduced to rice, beans, jerked beef, condensed milk and coffee, articles which are imported from foreign coun-

"Our people have to live twelve months a year on the product of the work of a fourmonths' sugar crop. The daily wage which our working classes generally receive is so small that it merely permits them to subsist. . . . "77

There is no middle-class farmer working his own land in Cuba, such as one finds in France or the United States. The gap between the poverty of the Cuban countryside and the luxury of Havana is striking.

Although the semi-starved condition of the rural population of Cuba today may be due in part to temporary conditions of overproduction, some Cuban authorities attribute this condition fundamentally to the nature of the sugar industry.77a One Cuban historian states that while Cuba was under Spain it enjoyed economic independence, which was the necessary basis for its struggle for political liberty. But since acquiring political independence, Cuba has become the prey of "latifundism. This process concentrates thousands of holdings into great agricultural units; it eradicates the cultivator from the soil: destroys the Cuban class of rural proprietors and independent agriculturists"; and as a result Cuba has become a "satelite" of a foreign economic power. The basis of Cuban nationality has been destroyed.78 On the other hand, an American

Whether or not as a result of the intensified cultivation of sugar. Cuba also has become dependent upon foreign supplies of food. In 1926 nearly 39 per cent of the total imports of Cuba consisted of alimentary products.80 In this year Cuba imported about 216,000,000 kilos of rice, 147,000,000 kilos of which came from British India. while 33,000,000 kilos came from China.81

Finally, the sugar industry has resulted in the importation of contract labor. Between 1913 and 1921 80,000 Haitian and 75,000 Jamaican laborers entered the country.82 In 1927 10,423 Haitians and 3,100 Jamaicans entered, while 11,085 Haitians and 4,756 Jamaicans departed.83 Employers obtain authorization to import labor by decree which specifies the conditions upon which importation may take place. Thus in a decree of October 19, 1927 the United Fruit Company was authorized to import 10,500 laborers from the Antilles.84

Altogether about twenty companies import contract laborers. It is estimated that about 500,000 men are employed in the sugar industry; and that of these 200,000 are foreigners, largely of negro and Spanish extraction. This system of contract labor has been criticized on the ground that the imported labor is frequently ill-treated, a question which has caused concern to the Haitian and British Governments.85 It is said

historian declares: "That Cuba as a whole profits from the presence of foreign capital is impossible to denv."79

C. E. Chapman, A History of the Cuban Republic,

<sup>80.</sup> Comercio Exterior, cited, p. vii.

<sup>81.</sup> Ibid., p. 220. These imports of rice by Cuba from the Orient stand in contrast to the imports of rice by Porto Rico which come largely from the United States because of the American tariff. Cf. "The Problem of Porto Rico," cited, p. 454.

<sup>82.</sup> Ramiro Guerra y Sánchez, cited, p. 134.

<sup>83.</sup> Estadísticas, 1927, Comisión Nacional de Estadística y Reformas Económicas, Cuba, Part 14.

Y Retormas Econômicas, Cuba, Part 14.

84. The laborers must be exclusively employed in connection with the work of two centrales; the centrales must bear the expenses of importation and of returning the laborers to their place of origin as soon as their labor is finished. Moreover, the company must deposit a \$20 bond for each laborer, a sum which is estimated to cover the expense of repatriation. These sums are returned to the company following the return of the laborers to their country of origin.

<sup>85.</sup> There is a Cuban law forbidding company stores to pay laborers in vales or IOU's, but it is understood that this law is frequently violated and that many employers virtually oblige laborers to take their salaries in the form of purchases from company stores.

from company stores.

Emigration to Cuba from Haiti was suspended from July to December, 1928. Cf. Seventh Annual Report of the American High Commissioner, p. 3.

In 1924 the British Government protested to Cuba in regard to the treatment of Jamaicans. Correspondence between H. M. Government and the Cuban Government respecting the ill-treatment of British West Indian Labourers in Cuba, Cmd. 2158. Cf. also Cmd. 2245 (1924).

<sup>77.</sup> Dr. Luis Machado, Heraldo de Cuba, April 3, 1929.

<sup>77</sup>a. Some observers believe that the government lottery is also one of the causes of Cuban poverty today. Cf. "Cuba and the Platt Amendment," F. P. A. Information Service, Vol. V, No. 3, p. 40.

<sup>78.</sup> Ramiro Guerra y Sánchez, cited, p. 76.

that the importation of negro labor is affecting the racial composition of Cuba. A pro-Spanish writer, Luis Araguistaín, refers to "the great racial tragedy of Cuba; its increasing Africanization."86 Dr. Ramiro Guerra y Sánchez declares that if the sugar companies paid a higher wage they could secure adequate labor within Cuba and thus avoid importation.87 In reply the companies might assert that their costs of production are already greater than their returns, so they must find labor where it is cheapest.

#### SUGGESTED SOLUTIONS OF THE SUGAR PROBLEM

Already the Cuban Government has made two efforts to remedy the present sugar situation. The first was the two-crop restriction and marketing laws which have since been repealed. The second was the attempt to negotiate a new reciprocity treaty with the United States under which a limited amount of Cuban sugar might enter free and the remainder at the full duty. The object of both measures is to secure to Cuban producers the concessions in the reciprocity treaty of 1902 which since 1913 have been going to American refiners. But if the plan is to succeed, some control over Cuban sugar exports to the United States must be established. Otherwise, the competition of Cuban producers would force down the price of all sugar entering the American market so that American refiners would again profit from any tariff concession.

A number of proposals have recently been made in Cuba to meet this and other problems confronting the sugar industry and the country generally.87a

1. Sales Monopoly. One proposal calls for the establishment of a National Sugar Institute having a monopoly on the sale of Cuban sugar abroad, and of the purchase of materials employed in the sugar industry at home. Such a body could eliminate many of the charges of middlemen and specu-This institute should also loan money to centrales upon reasonable terms. Its expenses could be met by a tax of ten cents per sack of sugar.88

2. Export Control. A second proposal is that a Cuban commission should assign among the various Cuban producers monthly "contingents" of sugar to be exported to the United States. The sale of sugar on all other markets should be free.89

3. Refining of Sugar. A third plan asks that the export of raw sugar from Cuba be prohibited and that refining plants be erected at each central. It is argued that if Cuba refined the raw sugar which is now exported, she would save transportation costs and give employment to a large number of Cubans.90

4. The Diversification of Customers. While Cuba imports from about forty different nations, most of her sales are made to the United States and England. Dr. Luis Machado has recently stated that Cuba should seek more diversified markets.91

In order to diversify markets, the negotiations of commercial treaties granting reciprocal tariff privileges is advocated. Apart from the reciprocity agreement of 1902 with the United States, the only example so far of such an agreement is the treaty of November 5, 1927 between Cuba and Spain. This treaty provides for the free admission of mineral waters and certain wines from Spain into Cuba. In return Spain agrees to grant certain privileges to Cuban tobacco and sugar.92 The negotiation of reciprocity treaties granting exclusive concessions to foreign countries, however, is limited by the existence of the reciprocity treaty of 1902 with the United States.93

<sup>86.</sup> La Agonía Antillana, p. 184. Cf. also his chapter on "El peligro negro."

<sup>87.</sup> Guerra y Sánchez, cited, p. 138.

<sup>57.</sup> Guerra y Sánchez, cited, p. 138.
87a. In April 1929 a large number of producers in Cuba organized a Foreign Sales Syndicate for the purpose of seligions 50,000 tons of Cuba's present sugar crop to countries outside the United States. Each company promises to make no sales outside of the United States except through the syndicate. Apparently this pool is an attempt by private means to secure for Cuban producers the benefits of the reciprocity treaty. Facts About Sugar, cited, April 13, 1939, p. 341; April 20, 1923, p. 365.

<sup>88.</sup> This plan is set forth by Dr. Mario Díaz Cruz, in the Boletín Oficial de la Cámara de Comercio de la República de Cuba, March 1939, cited.

<sup>89.</sup> This is the plan of a Czechoslovak expert, L Zychlinski, published in *Excelsior-Pais*, April 2, 1929.

<sup>90.</sup> The plan of Sr. Laffite, Diario de la Marina, April 25 1929. Cf. also "Direct of America, April 1929. The Review,

<sup>91.</sup> Cf. "El Plan Hoover," Heraldo de Cuba, April 4, 1929. 92. For the treaty cf. Boletín Oficial de la Cámara de Comercio de la República de Cuba, February 1928.

<sup>93.</sup> Effects of Cuban Reciprocity Treaty, cited, p. 21. Cuba now exempts from the most-favored-nation clause in her commercial treaties the concessions made to the United States. Cf. Article 4, Treaty of November 5, 1927 with Spain. Article 28 of the Treaty of December 29, 1924 with Itally reserves concessions accorded by Cuba to the "products of other American States."

If Cuba wishes therefore to enter fully upon a policy of tariff bargaining, she will apparently be obliged to terminate this agreement with the United States.94

- 5. The Diversification of Agriculture. Supporters of this plan believe that Cuba, instead of attempting to expand her foreign markets, should build up a domestic market at home. It is pointed out that Cuba imports a large proportion of her food which might be grown in the island. Moreover. the island could support local industries provided the purchasing power of the Cuban people-already 3,500,000 in number-could be raised.95 In order to bring about this form of diversification, an improved system of transport and a general reorganization of the agricultural life of the country may be necessary.96 The government has taken several steps toward diversification. first is the construction of the Central Highway, which will link up one end of Cuba with the other, and thus make possible the evacuation of agricultural produce. government is encouraging technical education. In October 1927 it enacted a tariff which extends protection to certain industries and lowers the duty on certain raw materials.
- 6. Increased Consumption of Sugar. Before 1914 the world consumption of sugar increased about three per cent annually. But at present the world increase is estimated to be about 41/2 per cent, which may gradually absorb the present surplus.97 Moreover, while the United States consumes 112 pounds of sugar per capita,98 there are

thirty-six nations in the world who consume less than fifty-five pounds per capita, and if their consumption could be increased, the world sugar industry would be immediately benefited.99 One more spoonful of sugar at each meal at the American table would increase sugar consumption in the United States by 1,500,000 tons.100

7. Agrarian Reform. The last group of proposals is concerned with the social effects of the sugar industry and the growing predominance of American capital. In 1909 the Arteaga bill forbidding the purchase of real estate by foreigners was defeated in the House by a vote of 49 to 11.101 The prohibition of new sugar centrales and of imported labor has been proposed.102 The Lombard bill, introduced into the legislature following the World War, provided that each concern should employ at least 75 per cent Cuban labor. 103 Finally the development of . a class of small, independent farmers has been advocated. This would not necessarily mean the suppression of the sugar industry, but rather the development of cooperative centrales. It is proposed that Cuban farmers produce sugar cane upon their own lands, purchased if necessary by means of government loans. They should take this sugar cane to a central jointly owned by a number of such farmers organized into a cooperative society. The government might mark out the island into a series of zoneswhich in fact already informally exist in wide areas-and in each zone a cooperative central might be given the monopoly of the sugar cane. By this means disastrous competition might be averted.104

#### CONCLUSION

Thus Cuba finds itself virtually dependent for its existence upon a single crop, which is marketed largely in the United States. Cuba feels that its economic existence depends to a large extent upon the height of the American tariff. The situation is complicated by the fact that about two-thirds of the sugar production in Cuba is controlled by foreigners; and Cubans fear that if over-production continues, the Cuban producers, who have more difficulty in marketing their sugar than do Americans, will go

<sup>94.</sup> This treaty may be terminated by giving notice of one year (Article XI).

<sup>95.</sup> Cf. the article by Dr. Ramiro Guerra y Sánchez, Diario de la Marina, April 19, 1929.

<sup>96.</sup> Cf. p. 117. 97. League of Nations Sugar Committee estimate, Journal de Genève, April 10, 1929.

This is exceeded by 118 for Australia and 113 for New

<sup>99.</sup> Cf. Luis Machado, "El Plan Hoover," Heraldo de Cuba,

April 4, 1929. 100. Statement of Mr. Earl D. Babst, Excelsior-Pais, April

<sup>101.</sup> Chapman, cited, p. 621. A bill to the same effect was introduced in January 1929. El País, January 30, 1929. For the Porto Rico restriction, cf. "The Problem of Porto Rico,"

the Porto Rico restriction, cf. "The Problem of Porto Rico," cited, p. 456.

102. Ramiro Guerra y Sánchez, cited, p. 129, 138.

103. Jenks, cited, p. 274.

104. This system aiready exists in parts of Africa as far as the ginning of cotton is concerned, and it has been proposed in regard to the extraction of oil from palm kernels. Cf. Buelt, Native Problem in Africa, Vol. 1, p. 152, 621, 853.

bankrupt, with the result that the entire control of the sugar industry will pass to more efficient foreigners. The sugar industry has come to rely upon imported negro labor, which has depressed the general wage level in Cuba and the general purchasing power of the people. The mass of the country population live an impoverished and almost feudal existence, relying upon food imported from abroad.

Many Cubans feel that an increase in the

sugar duty by the United States will simply intensify the present suffering of the Cuban people and the general business depression. On the other hand, the view has been expressed that in the long run the real solution of Cuba's difficulties lies in diversification of agriculture and agrarian reform, and that an increased tariff by the United States will force this change. In reply it might be said that Cuba is already working for diversification and that a higher tariff would simply increase present difficulties.

#### **APPENDIX**

## SUGAR PRODUCTION IN THE UNITED STATES AND ITS POSSESSIONS AND CUBA

			(	£=,====	.,			
	Domestic	Domestic	Porto				Virgin	World
Year	Beet*	Cane	Rico	Hawaii	Philippines	Cuba	Islands	Total
1920-21	969,419	150,996	438,494	504,073	255,843	3,936,040	4,500	16,652,775
1921-22	911,190	289,669	362,442	502,194	338,160	3,996,387	5,000	17,649,687
1922-23	615,936	263,478	338,456	479,463	263,437	3,602,910	1,739	18,359,484
1923-24	787,217	144,664	399,975	626,279	372,332	4,066,642	2,332	20,096,012
1924-25	974,185	79,002	589,760	692,804	581,064	5,125,970	7,200	23,687,379
1925-26	804,439	124,447	541,485	705,350	436,705	4,884,658	5,664	24,614,152
1926-27	801,246	42,112	562,679	724,403	584,238	4,508,521	7,077	23,733,172
1927-28	965,241	63,207	670,881	807,180	622,704	4,011,717	10,562	25,331,273
1928-29	925,000	145,000	620,000	830,000	637.000	4.900.000	7.500	26,709,600

\*Chiefly refined, all others raw.

Weekly Statistical Sugar Trade Journal (Willett & Gray), January 10, 1929, p. 23.

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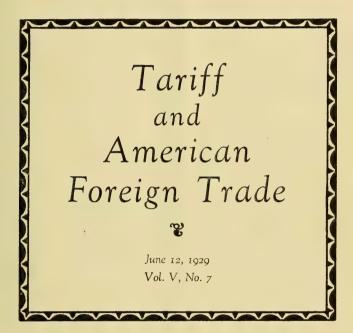
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## TARIFF AND AMERICAN FOREIGN TRADE

by

LEWIS WEBSTER JONES

with the aid of the Research Staff of the Foreign Policy Association

#### INTRODUCTION

THE tariff bill, introduced in the House of Representatives on May 7 by Chairman Hawley of the Ways and Means Committee, was passed on May 28 by an overwhelming vote of 264 to 147—only after a substantial upward revision of rates had been made on the bill as reported by the committee. It is now before the Finance Committee of the Senate, and friends of the bill hope for favorable action by the Senate before the close of the present session.

This bill, which is officially described as "a bill to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes," is likely to have an important effect upon American foreign commerce, and therefore upon our relations with the countries with which we trade.

The bill pending in the Senate is designed to supersede the Fordney-McCumber tariff act of 1922. The reasons given for the revision are: first, to make readjustments to meet changed conditions of production and trade; and second, to provide more adequate protection for agriculture, which the Republican party promised at the 1928 election.

President Hoover, in his proclamation of March 7 and in his message to Congress of April 15, specifically requested that tariff changes be "limited" to these two objectives. The Ways and Means Committee, in a report accompanying the bill, expressed their profound satisfaction with the general operation of the Fordney-McCumber tariff act:

"It has restored confidence, rehabilitated industry, fostered agriculture, provided millions of wage earners with employment at higher wages than ever paid in the history of the world, and brought an unprecedented prosperity generally to our people. For the great majority of the articles for which it provided protection it is still efficient and sufficient."

An imposing number of changes were incorporated, however, in the bill reported by the Ways and Means Committee. All of them, with a very few exceptions, were in an upward direction.

Although the tariff is recognized as a domestic matter, it is evident that such an upward revision will have important effects upon the commerce of many foreign nations. According to the committee:

"Foreign nations and producers have shown great interest in this readjustment, but since the tariff is a domestic matter, neither foreign officials nor the nationals of foreign nations were heard, except that representations of foreign governments were submitted through the State Department and made a part of our record. Persons not citizens of the United States but who are doing business in the United States were also heard. We appreciate the importance of our relations to foreign countries and that, under the comity of nations, our nationals have the privilege of trading in their territories as their nationals have of trading in ours; but we have believed that our first duty was to our own people and to maintenance of their prosperity."3

This report is concerned with the foreign rather than with the domestic aspects of tariff readjustments. It attempts to show the position of the United States in international commerce, and to estimate the effects of the proposed tariff changes upon our trade with particular countries.

<sup>2.</sup> A Report to Accompany H. R. 2667, Report No. 7, p. 3, 71st Congress, 1st Session.

<sup>3.</sup> Ibid., p. 6.

#### THE ECONOMIC POSITION OF THE UNITED STATES

The position of the United States in the commerce of the world has changed completely since the pre-war period. The United States has passed out of the "infant industry" stage of its economic development. We are no longer a predominantly agricultural nation, dependent upon the outside world for capital and for manufactured products. On the contrary, we are now held up as the embodiment of modern industrialism, while the world looks askance at "American economic imperialism" and the "invasion of the Yankee dollar."

This change in the international economic position of the United States brings with it the responsibilities of power. Fifty years ago a revision of the American tariff would have passed unnoticed in the outside world; today it is an event of the greatest international concern, which may mean the difference between prosperity and bankruptcy in certain foreign communities largely dependent on the American market.

The flood of protests received by the State Department from foreign countries indicates the apprehension induced by the proposed tariff changes. The situation is complicated by foreign misunderstanding of our anomalous legislative procedure. In all European countries, and in most other foreign countries, the responsibility for foreign

policy and for fiscal policy is concentrated in the hands of the same authority. Tariff changes are thus made with an eve to their effect upon foreign countries and foreign policy generally. Under our constitutional system, however, foreign policies are initiated by the President, and carried out by and with the advice and consent of the Senate. The House of Representatives has little to do with either the initiation or the administration of foreign policy directly, but it is only in the House of Representatives that tariff legislation can be introduced. This makes for a lack of coordination between our foreign policy and our tariff policy, and it is difficult for foreigners to understand the essentially domestic nature of our tariff legislation.

## THE TARIFF AND THE EXPORT BALANCE

No more concise statement of the position of the United States in world economy can be given than that afforded by the statistics of our foreign commerce. A study of these statistics reveals that since 1915 we have had an overwhelming export balance of merchandise and precious metals. The following table shows the volume of American merchandise imports and exports from 1913 to date:

9,220

1,038

TOTAL EXPORTS AND IMPORTS, 1913-1928<sup>4</sup> (millions of dollars)

TotalExcess of Year Exports Imports tradeexports 4,277 691 1913 ...... 2,484 1.793 1914 ...... 2.114 1,789 3,903 324 1915 ...... 3,555 1.779 5.333 1.776 1916 ..... 5,483 7,874 3,091 2,392 1917 ...... 6,224 2.952 9,186 3,281 3,118 1918 ...... 6,149 3.031 9,180 1919 ...... 7,920 3,904 11,825 4.016 2,950 ..... 8,228 5,278 1920 13,506 6,994 1,976 1921 ...... 4,485 2,509 1922 ...... 3,832 3,113 6.945 719 1923 ...... 4,167 3,792 7,960 375 3,610 8,201 981 1924 ...... 4,591 1925 ...... 4,910 4.227 9.136 683 9,240 378 1926 ...... 4,809 4,431 9,050 681 ...... 4,865 4.185

4.091

1928 ...... 5,129

<sup>4.</sup> Our World in Trade in 1928, Foreign Commerce Department, U. S. Chamber of Commerce, April, 1929.

After the outbreak of the European war, our hitherto small export balance-which served to pay current interest on foreign investments here-was swelled to enormous proportions as a result of the enhanced wartime demands of Europe. During the next few years, our exports not only paid off our foreign indebtedness, but enabled the United States Government to lend more than ten billion dollars to its allies. Although the cessation of the wartime demands reduced our enormously inflated export balance to more normal proportions, it has remained far above the pre-war level, and in 1928 stood at over a billion dollars. The indebtedness of foreigners to the United States. meanwhile, has been increased by approximately fifteen billion dollars of private American investments.

Our balance of trade in merchandise and precious metals, however, reveals only one aspect of our international commercial relations. In order to see the picture as a whole, it is necessary to take into account all the items in our balance of international payments, e.g. such "invisible" items as tourist expenditures, immigrant remittances and freight payments. When all goods and services are set one against the other, the United States is seen to have a net export balance, in 1927, of \$681,000,000. This represents the net amount by which American foreign investments grew during that year. <sup>5</sup>

#### THE HIGH TARIFF DILEMMA

While this export balance continues, it is clear that foreign countries are unable to make an economic settlement of their current and capital obligations to the United States. Any real settlement of these obligations would show itself in an import balance of goods and services. In other words, the only way that foreign countries are meeting their annual payments to the United States is by further increasing their indebtedness to this country.

In view of this situation, many critics of American tariff policy, both at home and abroad, declare that the United States tariff stands in the way of a normal and equitable exchange of goods and services. According to their argument, unless we are prepared to receive from abroad goods and services in exchange for those we export, our exports are being sent out on credit. indebtedness so created can ultimately be paid off only in goods and services. would seem absurd, therefore, to set up artificial barriers against the receipt of those goods and services by which alone we may receive the benefit of our foreign loans. This argument derives additional point from the fact that the United States must receive, besides payment for her current exports, a large annual payment on account of war debts and previously acquired private indebtedness.

Whatever may be the merits of these arguments, they undoubtedly influence foreign attitudes toward American tariff policy. Considerable resentment is expressed against the country which insists upon the payment of war debts, and at the same time adopts a policy making that payment more difficult.

#### THE CASE FOR PROTECTION

On the other hand, defenders of the protectionist faith insist that tariff policy is strictly a matter of domestic concern. The United States is not, in fact, preventing the receipt of payments from abroad in the form of imports. More than 64 per cent of our imports come in duty free. The United States Government is merely exercising its undoubted right to decide which goods it will receive.

On the larger question of the ability of foreigners to pay, and of America to receive payments on war debts and private investments abroad, it may be argued in defense of the protectionist position that there is no danger in the fact that the United States is receiving certificates of indebtedness, or deferred payment; that this constitutes no problem, since there will ultimately take place, in the ordinary course of events, some change in the nature of world commerce resulting in an American import balance. Whether that change takes place now

<sup>5.</sup> Ealance of International Payments for 1927, Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce

or a hundred years hence is a matter of no great importance. All modern business enterprise is conducted upon the basis of longterm credits; few industrial concerns would be able to liquidate their capital obligations at any given moment. Why, therefore, must the United States be paid, or foreigners liquidate their debts to us in the form of goods and services immediately? Any private investor can liquidate his holdings at any time by selling them on the exchanges.

#### IMMEDIATE EFFECTS OF TARIFF CHANGES

More important than these general, and for the most part speculative considerations are the immediate effects of the proposed tariff changes on the commerce of countries from which we import. An attempt has been made in this report to analyze these effects in detail. The accompanying table, compiled from the Foreign Commerce and Navigation of the United States, for the year 1927, from H. R. 2667, and from the Report to Accompany H. R. 2667, lists the changes proposed in the rates on all specific commodities for which import figures could be obtained. It shows in every case how much of that commodity was imported in 1927; and whenever possible it gives the principal countries from which it came, and their percentage share in the total quantity imported. The table shows also the total duty collected on each commodity in 1927; the rate of duty charged under the Fordney-McCumber tariff act: and the rate proposed in the bill pending in the Senate. A glance at the last column, which indicates by a plus or a minus sign the direction of the revision, brings out clearly the general increase.

In examining this table, however, it must be kept in mind that the proposed act does no more than extend the principle embodied in the Fordney-McCumber act. The total amount of duty collected in 1927 amounted to \$574,839,000. (It is interesting to compare this with the net receipts from custom duties in the United Kingdom for the fiscal year 1927-1928, which amounted to £111,947,477, or about \$544,000,000. It should be observed, however, that £101,159,266 of this total was derived from revenue duties, as distinguished from protective duties.)

The following compilation brings out clearly certain international aspects of the proposed tariff revision. It shows, in the first place, which commodities and which countries will be most affected by the proposed tariff changes.

By far the most important changes affect agricultural products and provisions (Schedule 7), and sugar and molasses (Schedule 5). Tariff rates under these schedules are to be raised on very nearly all the commodities dutiable under the Fordney-McCumber tariff. In many cases the proposed rates are more than double the present rates. On garlic alone, the bill proposes to reduce the duty. The rates on meat, fresh vegetables, grains, milk, fruit and nuts have all been subjected to a sweeping upward revision.

A large part of the commodities thus affected come from countries in this hemisphere. Canada, Cuba, Mexico and Argentina supply most of our imports of meat, milk and cream, cheese, fish, poultry, grains and fresh vegetables. We import most of our fruit and nuts from Italy, Spain and China.

Canada will feel most the effects of the increased rates under the agricultural schedule. Canada is our best customer. In 1927 we exported more than \$845,090,000 worth of goods to Canada, while we imported only \$475,000,000 worth of Canadian products. In 1928 our exports to Canada were valued at \$916,000,000; our imports from Canada at \$488,000,000. The principal items in our trade with Canada in 1928 were:

<sup>6.</sup> The sugar tariff has been dealt with at length in Vol. V, No. 6 of the F. P. A. Information Service.

(mi	llions of
Principal Exports to Canada d	ollars)
Iron and its products	233.9
Cotton and textiles	142.7
Machinery	87.3
Non-ferrous metals	55.3
Autos and parts	54.1
Fruits	34.4
Petroleum and gasolene	30.3

	(millions of
Principal Imports from Canada	dollars)
Newsprint and wood pulp	156.2
Lumber and pulpwood	150.5
Cattle and meat	24.7
Vegetables	24.1
Milk and cream	18.0
Leather and hides	17.1
Undressed furs	14.1
Wheat and flour	12.1

#### ANALYSIS OF THE TARIFF BILL

Important increases have also been proposed in the duties under the following schedules:

Schedule 1—Chemicals, Oils and Paints. The countries whose products will be most affected by increased rates are Germany, the Netherlands and the United Kingdom.

Schedule 2—Earths, Earthenware and Glassware. The countries most affected will be Germany, Czechoslovakia and Belgium.

Schedule 3—Metals and Manufactures of. The countries most affected will be France, Germany and the United Kingdom.

Schedule 4—Wood and Manufactures of. There are to be substantial increases on cedar logs, shingles, and plywoods, all of which come from Canada.

Schedule 5—Sugar, Molasses and Manufactures of. Since sugar from the Philippines and the Virgin Islands comes in free, Cuba will be the country most affected by the increased sugar duties.

Schedule 9—Cotton Manufactures. The countries most affected will be the United Kingdom, France, Germany and Italy.

Schedule 10—Flax, Hemp, Jute and Manufactures of. The countries most affected

will be the United Kingdom and Czechoslovakia.

Schedule 11—Wool and Manufactures of. The countries most affected will be the United Kingdom and France.

Schedule 12—Silk Manufactures. The country most affected will be France. French imports will also feel the effects of the proposed increase under Schedule 13—Rayon Manufactures, now separated from the silk schedule, as a result of the growing importance of the artificial silk industry.

Schedule 15—Sundries. In this schedule one downward revision is proposed, on unfinished straw hats. These come chiefly from Italy and Japan. All the other changes proposed will raise the present rates. France and Germany will be affected by increases on leather gloves, artificial flowers, pencils, greeting cards; Sweden will be affected by a rise in the tariff on matches.

Schedule 16—Free List. Four commodities have been added to the free list. The countries affected will be France, Italy and Turkey.

What effect the new tariff will have upon American prosperity, it is impossible to predict. Some of the new duties proposed will undoubtedly protect American producers; some in doing this, would raise the price to the American consumer. Many of the increases may cause some distress and considerable irritation abroad. Many, again, are so trifling that it is probable that they will have little if any effect. In 1927, for example, our total imports of lard were valued at \$625. It is proposed, however, to protect the American producer of this commodity by an increase on lard from one cent to three cents a pound. The duty on corn, of which we imported in 1927 4,916,000 bushels, mainly from Argentina, is to be raised from fifteen cents to twentyfive cents a bushel. The domestic production of corn in that year was 2,786,288,000 bushels, and our exports of corn amounted to 13,428,000 bushels.

A detailed analysis of the tariff bill follows:

#### SCHEDULE 1—CHEMICALS, OILS AND PAINTS

	Imports, 1927						Duties			
Commodity	Unit	Quantity	Value	Duty Paid	Principal Countries of Origin <sup>1</sup>	Present Rate	Proposed Rate	Incre or Decre		
Citric acid	Ϊb	71,291	\$ 18,515	\$ 12,119.47	Italy 98.5%	$17\phi$	18¢	+		
Tannic acid, tannin, and extract of nut- galls containing less than 50% tan- nic acid Ditto, containing 50% or more tan-	Ϊb	72,762	10,046	2,910.48	Not separated	$4\phi$	6¢	+		
nic acid not medi-	đħ	58,204	17,099	5,820.40		10¢	$12\phi$	+		
Formic acid	Ϊħ	3,214,642	230,565	57,641.25	Germany 93.7%	25%	⅓ ¢ lb	+		
Tartaric acid	Ιħ	2,757,937	618,624	165,476.22	Germany 66.6%	6¢	8¢	+		
Nitric acid	Ϊħ	36,508	1,490		Not separated	Free	½ ¢	+		
Oxalic acid	Ϊħ	1,843,732	98,657	110,623.92	Germany 97.3%	$4\phi$	6¢	+		
Phosphoric acid	Ϊħ	637,412	67,366	12,748.24	Not separated	$2\phi$	3 1/2 ¢	+		
Ammonium carbon-		. =00.004	40.004							
ate	Ϊħ	786,361	48,684	11,795.42	Not separated	1 ½ ¢	$2\phi$	+		
Barium carbonate precipitated Barium chloride	lp p	9,836,188 3,154,853	119,014 45,285	98,361.88 39,435.66	All barium com- pounds; Germany 84.7%	1¢ 1¼¢	$1\frac{1}{2} \phi \\ 2 \phi$	++		
Mercury compound (calomel, etc.)	Ιħ	45,506	51,193	23,036.85	Not separated	45%	22¢+25%	762 +	- [	
Whiting, or paris white, dry, ground or bolted	tons	31,816	199,937	49,984.25	Not separated	25%	.4¢ lb	-	+ !	
Metacresol, ortho- cresol and paracre- sol, 90% or more pure	Ϊħ	174,094	35,054	26,208.18	Not separated	7¢+40%	3½¢+20	% -		
Casein compounds, finished articles	Ϊħ	74,799	196,510	79,047.10	Not separated	40¢+259	% 40¢+50	% +		
Edible gelatin, valued under 40¢ a	ΪĎ	2,477,258	481,886	183,081.23	Netherland 52.7%; Belgium 21.5%	n	% 5¢+20	% +		
Gelatin, inedible and manufactures of, valued under $40\phi$ a lb	Ϊħ	705,258	124,409	35,460.67	Germany 42%;3 Belgium 33.6%	1½¢+20	% 2¢+25	% +		
Glue, glue size and fish glue, less than $40\phi$ a lb	Ĭħ ·	9,143,264	689,895	275,127.96	United Kingdom <sup>4</sup> 37.3%; German 13.1%	y 1½¢+20	% 2¢+25	% +		
Gelatin, glue, glue size, etc., over 40¢ a lb	Ϊb	727,565	636,725	178,274.55	Not separated	7¢+20	% 8¢+25	% +		
Magnesium sulphate or epsom salts Magnesium oxide .	lb lb	11,620,675 259,357	60,527 48,093	58,103.38 \ 9,077.50 \	Germany 95.8% <sup>5</sup>	½ ¢ 3½ ¢	1¢	+++		
Synthetic camphor.	Ϊb	2,941,286	1,276,875	176,477.16	Germany 88.3%	6¢	1¢	_		
Linseed oil	Ιħ	6,360,283	432,415	209,889.34	Netherlands 86%	3.3¢				
Olive oil, pkgs. less than 40 lbs	Ϊħ	42,262,890	9,782,242	3,169,710.75	Italy 90.2%	7 ½ ¢	8 ½ ¢	+		
Soya-bean oil	ťδ	11,515,027	713,657	287,875.68	Kwantung 80.8%	2 ½ ¢	5¢	+		
Palm kernel oil	Ϊħ	43,127,657	3,548,986		United Kingdon 68.2%; Germany 30.8%	Free	1¢	.+		

#### SCHEDULE 1—CHEMICALS, OILS AND PAINTS (Continued)

			Duties					
Commodity	Unit	Quantity	Value	Duty Paid	Principal Countries of Origin	Present Rate	Proposed	Increase l or Decrease
Sesame oil	_lb	1,704,129	\$203,413	\$	Netherlands 37%; Denmark 25.9%	Free	3¢	+
Wool grease, crude and refined	Ĭb	10,926,817	429,963	64,220.01	Germany 59.5%; United Kingdom 28.7%	½ ¢ to 1	¢ 1¢ to 3¢	+
Artists' paints or colors, N. S. P. F.8	Ϊb	318,694	272,911	109,164.40	Not separated	40%	40% + ½ q to 2¢	+
Precipitated barium sulphate, blanc fixe	Ιъ̀	4,799,205	107,179	47,992.05	Not separated	1¢	11/4 ¢	+
Vermilion reds	lb	108,076	127,806	30,261.28	Not separated	28¢	22¢+20%	+
Zinc and barium sulphide combina- tions, or lithopone	Ϊħ	15,957,900	656,166	279,263.25	Netherlands 73.6%	1%¢ 1	1 % ¢ + 20 % 9	+
Potassium perchlorate	Ϊb	269,219	18,854	4,038.29	Germany <sup>6</sup> 95.9%	1 ½ ¢	2 ¼ ¢	+
Potassium nitrate or saltpeter refined.	Ϊb	8,429,036	347,290	42,145.18	Chile <sup>7</sup>	½ ¢	5 ½ ¢	+
Potassium perman- ganate	Ϊb	319,332	26,931	12,773.28	Not separated	$4\phi$	6¢	+
Sodium formate	Īδ	17,972	984	359.44	Not separated	2¢	2¾ ¢	+
Sodium sulphate, an- hydrous	ton	2,569	65,695	5,138.00	Not separated	\$2	\$4	+
Sodium phosphate .	Ϊb	16,770,555	395,402	83,852.78	Not separated	1/2 €	1¢ to 2¢10	+
Silico fluoride	Ϊb	3,235,982	95,872	23,968.00	Not separated	25%	1 % ¢	+
Potato starch Starch, N. S. P. F.8	ľb ľb	27,272,048 1,343,960	1,006,173 82,267	477,260.84 \\ 13,439.60 \}	Netherlands 75.8% of all starch	$\begin{smallmatrix}1\%\psi\\1\psi\end{smallmatrix}$	$2\frac{1}{2}\frac{\phi}{2}$ $1\frac{1}{2}\frac{\phi}{2}$	++
Strychnine, and all salts of strychnine	oz.	128,632	37,829	19,294.80	Not separated	15¢	20¢	+
Tar and pitch of wood	bbl.	18,745	141,130		Not separated	Free	1¢	+
Dextrine, from po- tato starch or flour	Ϊb	1,502,808	74,029	33,813.18	Not separated	2 1/4 ¢	3¢	+
Dextrine, N. S. P. F., burnt starch or British gum	散	29,818	2,119	372.73	Not separated	1 ½ ¢	$2\phi$	+

1. The percentages in this column were calculated from table No. 6, "General Imports, 1927,"
Vol. I of Foreign Commerce and Navigation of the United States; unless specially noted, they are percentages of the total quantity imported. Other import figures are taken from table No. 9, "Imports Entered for Consumption—Calendar Year 1927."
This leaves out free supplies for vessels, and for diplomatic officers.
2. At 1927 average value of mercury compound, changed duty is neither increase nor decrease.
3. All gelatin and manufactures of whatever value.
4. All glue, glue size, etc., of whatever value.
5. All magnesium compounds.
6. Chlorate and perchlorate.

- All magnesian compounds.
   Chlorate and perchiorate.
   Refined saltpeter not given here. Chile largest supplier of crude saltpeter.
   N.S.P.F. means "not specially provided for."
   If containing more than 30 per cent zinc sulphide.
   Pro-phosphate excepted.

#### SCHEDULE 2-EARTHS, EARTHENWARE AND GLASSWARE

Imports, 1927						Duties		
Commodity	Unit	Quantity	Value	Duty Paid	Principal Countries of Origin	Present Rate	Increase Proposed or Rate Decrease	
Bricks, N. S. P. F. <sup>7</sup>	М.	94,572	\$538,000	\$	Belgium 82.6%	Free	\$1.25 a M, plain and 5% or not less than \$1.50 a M, glazed or decorated	

#### SCHEDULE 2—EARTHS, EARTHENWARE AND GLASSWARE (Continued)

		Duties						
Commodity	Unit	Quantity	Value	Duty Paid	Principal Countries of Origin	Presen Rate	t Proposed	or ecrease
Tiles <sup>1</sup>	no.	5,254,871	\$1,077,424	\$	Germany 46.8%		Increase on all classes of tiles	
Cement, Roman, Portland and other hydraulic	bbl.	1,785,707	2,550,516		Belgium 83.3%		8¢ per 100 lbs.	. +
Non-vitrified crock- ery, earthenware, stoneware	doz.		7,984,067	3,915,896.60	Germany 15.9% United Kingdom 46.1%; Italy 12.1% <sup>2</sup>	Free 45% Deco 50%	Unpainted $10\phi + 45\%$ erated $10\phi + 50\%$	++
China and porce- lain			12,453,209	8,503,556.55	Germany <sup>2</sup> 36.6%; Japan 32.8%; France 11.3%	50 to 70 %	60%+10¢ per doz. pieces Decorated 70%+10¢ per doz. pieces	+
Graphite or plum- bago, crystalline lump, chip or dust	Ϊħ	12,231,858	390,882	78,164.40	Mexico <sup>3</sup> 36.1%; Ceylon 34.2%	20%	25%	+
Mica, unmanufactured	Ϊb	558,595	374,921	93,730.25	Canada 44.5%; British India 27.8%	25%	$2\phi + 25\%$	+
Talcum, steatite or soapstone, French chalk, ground, ex- cept toilet prepara- tions	Ιħ	49,286,223	447,256	111,814.00	Canada 38.2%; Italy 32.6%; France 25%	25%	% ¢	+
Glass articles and utensils for chemical, biological and experimental purposes			533,635	346,862.75	Germany <sup>2</sup> 84.6%	65%	85%	+
Illuminating glass-ware			983,086	589,851.60	Czechoslovakia <sup>2</sup> 74.3%	60%	65%	+
Tableware, blown or partly blown, colored, cut, engraved, etc			861,395	473,766.70	Czechoslovakia <sup>2</sup> <sup>4</sup> France, Italy	55%	60%	+
Cylinder, crown and sheet glass			3,281,195	1,420,641.99	Belgium <sup>2</sup> 53.7%; Czechoslovakia 31.7%		½¢1%¢to3¾¢ per lb	ŧ+
Plate glass			4,603,838	2,671,215.24	Belgium <sup>2</sup> 63%		General Increase	+
Optical glass	Ϊb	196,121	206,377	92,869.65	Not separated	45%	50%	+
Electric lamp bulbs	no.	16,483,306	168,661	33,732.20	Netherlands 85.8%	20%	30%	+
Stained or painted glass windows	sq. ft.	97,840	292,554	146,277.00	Not separated	50%	60%	+
Granite, hewn, dressed or polished	Ϊħ	8,720,463	319,644	159,822.00	Italy <sup>5</sup> , <sup>2</sup> 30.3%; Sweden 19%	50%	60%	+
Granité, rough	cu. ft.	188,395	257,470	28,259.25	Finland 14.5%	15¢	25¢ r eu. ft.	+

From "general imports."
 Percentage of value, not quantity.
 Percentage of value, not quantity.
 All graphite and plumbago, not merely crystalline lumps, chip or dust, not separated.
 New classification, not separated in 1924 figures.
 All other monumental stone, except marble, breccia and onyx. Mostly granite.
 C. D. 38-39 of Report to Accompany H. R. 2667.
 N.S.P.F. means "not specially provided for."

#### SCHEDULE 3-METALS AND MANUFACTURES OF

				Imports		Duties			
	Commodity	Unit	Quantity	Value	Duty Paid	Principal Countries of Origin	Present Rate	Proposed	ncrease or ecrease
	Cungsten ore and concentrates	Ϊb	2,170,657	\$540,409	\$976,795.65	Not separated	45¢	50¢	+
	Wire rods, valued over $4\phi$ a $1b$	Ϊb	959,024	58,906	5,754.14	Sweden 32.5%; France 25.1% <sup>2</sup>	.6¢	20%	+
1	Woven-wire cloth mesh finer than 30 wires per inch.	sq. ft.	323,472	56,424	22,430.00	Not separated	35% to 45%	40% to50%	% +
	Anvils, weighing over 5 lbs. each	Ϊb	676,815	46,983	10,998.25	Not separated	1 % ¢	3¢	+
(	Cast iron pipe	Ĭħ :	183,151,740	2,609,401	521,880.20	France 77.7%	20%	30%	+
	ron and steel chains for machines	Ϊħ	543,617	121,232	42,431.20	Not separated	35%	40%	+
	Jmbrella ribs and tubes	doz.	72,483	212,677	106,338.50	Not separated	50%	60%	+
1	Spring-beard and crochet needles	М. М.	4,426 5,135	21,761 59,844	13,794.30 40,192.00	Germany 3,4 88.8%	\$1.15+40% \$2+50%	\$1.50+50 \$2+60%	
	S. P. F. <sup>5</sup>	M.	4,366	11,185	5,033.25		45%	50%	+
	Pens, other than	gross	730,755	287,911	87,690.60	United Kingdom <sup>1</sup> ,	4 12¢	18¢	+
	Pens, with nib and barrel in one piece	gross	4,338	7,686	650.70	88.5%	15¢	20¢	+
	Surgical instruments and parts, needles Dental instruments		• • • • • • • • • • • • • • • • • • • •	414,645	186,590.25	Germany <sup>4</sup> 83%	45%	70%	+
	and parts		• • • • • • • •	141,605	49,561.75	dermany 55 /6	35%	60%	+
	Nippers, pliers and pincers	doz.	170,103	271,979	163,187.40	Not separated		60%+10¢ 20¢ each6	+
1	Pen knives, etc., less than 40¢ a doz	no.	3,577,953	99,606	85,582.53	Germany 93.4%	1¢+50%	2¢+50%	+
-	Textile machinery, N. S. P. F. <sup>5</sup>	Ϊb	2,923,107	696,209	243,673.15	United Kingdom 57.9%; Germany 28.1%	35%	40%	+
1	Pistols, value less than \$4 each	no.	27,146	78,230	76,959.00	Not separated	55%+\$1.25	5 55% +\$2	+
1	Aluminum foil under 6/1,000" thickness	Ϊħ	1,094,791	627,918	219,771.30	Not separated	35%	40%	+
	Gold leaf, un- mounted	leaf	3,667,121	44,358	20,169.17	Not separated	.55¢	.825¢	+
1	Finsel wire Lamé or lahn	ľb ľb	43,611 709,292	26,251 387,686	$\begin{array}{c} 5,241.76 \\ 120,094.72 \end{array}\}$	France 53%;	$6\phi + 10\% \\ 6\phi + 20\%$	6¢+20% 6¢+30%	++
	Bullions and metal threads	Ϊb	945,623	1,289,088	507,918.18	Germany 45.3%	6¢+35%	6¢+45%	+
1	Beltings, etc., of tinsel wire			93,135	41,910.75	Not separated	45%	55%	+
1	Fabrics, ribbons, tas- sels of tinsel, etc			2,051,957	1,128,576.35	France <sup>4</sup> 90.4%	55%	65%	+
1	New types	Ϊb	155,649	72,619	14,523.80	Not separated	20%	30%	+
	1. All pens and per						_3 /0	0070	,

All pens and penholders.
 All wire rods.
 All needles, except hand-sewing and darning needles.
 Percentage of value, not quantity.
 N.S.P.F. means "not specially provided for."
 Except slip joint pliers, still 60 per cent ad valorem.

#### SCHEDULE 4-WOOD AND MANUFACTURES OF

* <u></u>		Import	Duties				
Commodity Unit	Quantity	Value	Duty Paid	Principal Countries of Origin	Present Rate	Proposed Rate D	
Logs of fir, spruce, Western hemlock. M. ft.	199,094	\$2,856,513	\$121,540.00	Canada	\$1.00 M. ft. free if im- ported from country without ex- port restric- tions	ported for making pul	. 0
Cedar, (except Spanish cedar) M.ft.	23,941	405,250	12,677.00	Canada	\$1.00 M. ft.	25%	+
Shingles M.	1,964,961	6,692,975		Canada	Free	25%	+
Plywoods sq. ft.	1,176,719	34,399	11,466.33	Not separated	33 1/3%	40%	+
Porch and window blinds, chair seats, curtains of bamboo, etc., N. S. P. F. <sup>1</sup>		59,648	24,909.80	Not separated	35% plain 45% painted	1 50% all	+

<sup>1.</sup> N.S.P.F. means "not specially provided for."

#### SCHEDULE 5—SUGAR, MOLASSES, AND MANUFACTURES OF

			Duties			
Commodity	Unit Quantity	Value	Duty Paid	Principal Countries of Origin	Present Rate	Increase Proposed or Rate Decrease
Cane sugar, total	Free <sup>1</sup> th 1,074,198,285 Dutiable	\$48,281,615	\$	Philippines 99%	General	
	(fb 7,401,710,999	210,677,206	130,043,897.28	Cuba 99.3%	General	increase +
95° Sugar	lb 3,048,565,694	87,795,225	52,679,936.55	Cuba <sup>2</sup>	$2.16\phi$	2.87¢ +
96° Sugar	fb 3,821,669,236	106,345,702	67,454,917.31	Cuba <sup>2</sup>	$2.206 \phi$	3¢ +

Free sugar is that which comes from the Philippines or the Virgin Islands, or is for the supply of vessels.
 All but an insignificant amount comes from Cuba. Under the reciprocity agreement with that country, the duty is reduced by 20 per cent.

#### SCHEDULE 6-TOBACCO AND MANUFACTURES OF

•			Duties				
Commodity	Unit	Quantity	Value	Duty Paid	Principal Countries of Origin	Present Rate	Increase Proposed or Rate Decrease
Leaf tobacco unstemmed Leaf tobacco	Ϊb	6,250,904	\$13,867,346	\$13,046,010.60	Netherlands 96.2%	\$2.10	\$2.50 +
stemmed	Ϊb	348	568	873.40		\$2.75	\$3.15 +

#### SCHEDULE 7—AGRICULTURAL PRODUCTS AND PROVISIONS

				Import	s, 1927			Duties	
	Commodity	Unit	Quantity	Value	Duty Paid	Principal Countries of Origin	Present Rate	Proposed Rate D	ncrease or ecrease
Ca	attle	Ϊb	240,800,505	\$15,210,164	\$3,725,552.42	Canada 80.5%; Mexico 19.1% <sup>4</sup>	1½ ¢ to 2¢	2¢ to 2½¢	+
Ве	ef, fresh	Ιb	34,844,087	4,303,390	1,045,322.61	Canada 89.4%	· 3¢	6¢	+
Ve	eal, fresh	Ϊħ	7,464,087	1,093,847	223,922.61	Canada 85.8%	3¢	6¢	+
M	utton	Ϊħ	523,281	38,544	13,082.03	Canada 22%; New Zealand 70.9%	2 ½ ¢	5¢	+
	neep, except for		020,202	,		Canada 51.2%;	- /2 4	σψ	т
b	oreeding	no.	28,598	224,792	57,196.00	Mexico 48.8%	\$2	\$3	+
	reeding	Ϊb	35,883,850	4,041,153	179,419.25	Canada 99.9%	½¢	2¢	+
	esh pork	Ϊb	14,470,151	2,888,762	108,526.13	Canada 99.8%	¾ ¢	2½¢	+
	oork, etc	Ιb	7,043,837	2,419,690	140,876.74	Not separated	$2\phi$	3 ¼ ¢	+
M	ilk	gal.	4,493,067	748,166	112,326.68	Canada 99.9%	2 ½ ¢	5¢	+
Cr	eam	gal.	4,843,138	7,606,071	968,267.60	Canada 99.9%	20¢	48¢	+
		13.	0.454.005	0.050.455	1014 505 04	New Zealand 40.3%; United Kingdom 31.7%;		-4.	
В	utter	Īδ	8,456,397	2,873,177	1,014,767.64	Denmark 13%	12¢	$14\phi$	+
Cl	neese	ΪĎ	80,808,016	24,702,668	6,515,703.01	Italy 40%; Switzerland 23.9%; Canada 16.6%	5¢—but not less than 25%	7¢—but not less than 35%	+
Fi	ish	Ϊb	Free 73,446,027 Dutiable	6,660,636	}	Canada 47.8%; Norway 12.1%;	General:	Increase	+
		Ĭb	238,681,769	28,199,758	5,372,345.20)	Mexico 11.5%			
E	ggs in shell	doz.	249,800	74,808	19,984.00	Hong Kong 94.3%	8¢	10¢	+
La	ard	Ϊb	3,796	625	37.96	Not separated	$1\phi$	3¢	+
La	ard compound	Ϊb	1,256	216	50.24	Not separated	$4\phi$	$5\phi$	+
R	eindeer meat	Ϊħ	3,657	1,070	146.28	Not separated	$4\phi$	6¢	+
	our milk and but-	gal.	99,472	31,095	994.42	Not separated	$1\phi$	$1\%\phi$	+
1 6	ondensed and evaporated milk, unsweetened	Ϊħ	2,089,342	176,689	20,893.42	Canada 62.5%	1¢	1.4¢	+
1 6	ondensed and evaporated milk, sweetened	Ϊb	289,741	24,639	4,263.46	Netherlands 68.2%	1½¢	2 ¼ ¢	+
•	ondensed and evaporated milk, N. S. P. F. <sup>5</sup>	Ϊb	896,227	86,682	12,317.53	Not separated	1-%¢	2¢	+
W	Thole milk powder	Ϊb	2,745,838	488,767	82,375.14	Canada 56.2%; Netherlands 41.8%	3¢	4 ¾ ¢	+
	kimmed milk pow-	批	2 906 009	226 420	49,453.40	Not separated	1½¢	2 ½ ¢	+
	ler	lb lb	3,296,893 11,294	236,430 3,721	767.44)		1 72 ¢	2 72 ¢ 10 ½ ¢	1
M	ream powder lalted milk, etc	lb lb	1,294	340	66.00	Canada 97.8%	20%	30%	+
P	oultry, live	Ϊb	1,629,875	388,194	48,895.05	Canada 99.5%	3¢	6¢	+
P	oultry, dead	Ιħ	4,143,745	1,351,926	339,222.87	Argentina 44.1% Austria 25.6%	6¢ to 35%	10¢	+

#### SCHEDULE 7—AGRICULTURAL PRODUCTS AND PROVISIONS (Continued)

			Imports, 1927			Duties		
Commodity	Unit	Quantity	Value	Duty Paid	Principal Countries of Origin	Present Rate	Proposed	Increase I or Decrease
Whole eggs, egg yolk, egg albumen frozen or pre- served, N. S. P. F. <sup>5</sup>	Ϊb	7,173,650	\$1,205,434	\$430,420.00	China 94.6%	6¢	8¢	+
Buckwheat	Ϊħ	3,016,355	51,866	3,016.36	Canada 93.3%	10¢ per 1	25¢ 00 lbs.	+
Corn	bu.	4,916,615	3,906,699	737,492.25	Argentina 94.4%	15¢	$25\phi$	+
Cleaned rice, other than patra	Ϊħ	26,203,874	1,176,784	524,077.48	Hong Kong 48.3%	$2\phi$	2½ ¢	+
Wheat	bu.	21,299	27,443	8,945.58	Canada 99.9%		42¢ to 63¢	
Macaroni, vermicel- li, noodles, etc	Ϊb	3,533,670	333,598	70,579.64	Italy 73.2%	$2\phi$	3¢	+
Maraschino cherries and other pre- served cherries	Ϊb	2,583,160	361,013	144,405.20	Italy 79.4%	40%	$40\% + 5\frac{1}{2}$	t +
Grapefruit	Ϊb	872,835	24,891	7,413.93	Cuba 85.9%	1¢	1½¢	+
Candied citron or citron peel	Ϊħ	2,683,659	375,102	120,764.66	Italy 61.8%	4 ½ ¢	6¢	+
Orange peel, pre- served <sup>2</sup>	Ϊħ	670,963	63,773	33,548.15	Not separated	5¢	8¢	+
Lemon peel pre- served <sup>2</sup>	Ϊb	566,096	50,679	28,304.80	Not separated	5¢	8¢	+
Olives, ripe, in the brine	gal. lb	146,896 4,880,826	96,906 449,048	29,379.20 \\ 195,233.04 \}	Spain 88.6%	$^{20\phi}_{4\phi}$	30¢ 5¢	++
Tulip, lily and nar- cissus bulbs, lily of the valley pips	no.	116,608,789	4,969,743	233,217.58	Netherlands 78.4%	\$4 per M.	\$6 per M.	. +
Corn grits and similar products	Ϊħ	11,285	520	28.38	Cuba 81%	30¢ per 100 lbs.	50¢ per 100 lb	s. +
Apricots, green or ripe, dried or in brine	Ϊħ	55,596	3,472	277.98	Not separated	1⁄2 ¢	2¢ dried	+
Almonds in shell	Ϊb	419,360	46,770	19,919.60	Spain 47.9%; France 29.6%	4 ¾ ¢	5½¢	+
Almonds, shelled	Ťò	17,596,244	6,506,324	2,463,471.92	Spain 50.1%; Italy 43%	$14\phi$	16½¢	+
Brazil nuts in shell Brazil nuts, shelled	lb lb	23,283,122 1,497,336	2,103,948 439,734	232,831.22 \ 14,973.36 \	Brazil 96.8%	$1_{\psi}$ $1_{\psi}$	2¢ 6¢	++++
Filberts in shell	Ϊb	9,306,839	1,156,957	232,670.98	Italy 63.9%; Spain 17.9%; Turkey 12.6%	2 ½ ¢	5¢	+
Filberts, shelled	Ϊħ	6,020,425	1,224,472	301,021.25	Turkey 66.3%; France 13.7%	5¢	10¢	+
Figs	Ιb	26,963,554	1,868,477	539,271.08)	Turkey in Asia	2¢	5¢	+
Figs, prepared or preserved	Ϊb	356,923	28,046	9,816.10	59.5%; Portugal 13.1%	35%	40%	+
Peanuts in shell Peanuts, shelled	lb lb	3,972,716 31,461,763	158,845 1,415,782	119,181.48 1,258,470.52	China 91.1% China 94.6%	$3\phi \ 4\phi$	4 ¼ ¢ 7¢	++
Walnuts in shell	Ϊb	12,194,285	1,471,896	487,771.40	Italy 37.7%; China 26.1%; France 23.8%	4¢	5¢	+
Walnuts, shelled	Ϊħ	17,315,546	5,881,974	2,077,865.52	France 44.8%; China 38.2%	12¢	15¢	+

#### SCHEDULE 7-AGRICULTURAL PRODUCTS AND PROVISIONS (Continued)

	Imports, 1927					Duties		
Commodity 1	Unit	Quantity	Value	Duty Paid	Principal Countries of Origin		Rate	Increase or Decrease nodity
Other edible nuts				000 040 74	T. I. T. II. TO D.		$5\phi$ unshel	
N. S. P. F. <sup>5</sup>	Ϊb	3,901,354	\$932,024	\$39,613.54	Brit. India 58.8%		10¢ shell	
Flaxseed	bu.	22,008,363	38,416,260	8,803,345.20	Argentina 88.7%	40¢	63¢	+
Soya beans	Ìb	4,189,168	162,642	20,945.84	Not separated	1/2 ¢	$2\phi$	+
Alfalfa seeds <sup>3</sup>	Ϊb	3,602,202	718,764	144,088.08	Canada 99.8%	$4\phi$	5¢	+
Alsike clover	Ϊb	5,313,424	1,347,401	212,536.96	Canada 99%	4¢	5¢	+
Red clover	Ϊb	7,144,931	1,533,341	285,797.24	France 82%	4¢	6¢	+
Beans, ripe	Ĭb	2,472,584	129,432	10,354.96	Cuba 81.2%	½¢	3 1/2 (	+
D	33-	50 1 00 501	0.500 4.65	1 000 114 00	Japan 32.1%; France 20%; Italy 11.3%;	* 2/ /	21/	, .
Beans, dried	Ιb	72,198,701	2,508,165	1,263,114.06	Belgium 10.7%	1 ¾ ¢	2 1/2	
Peas, green	Ϊb	9,223,797	452,882	92,233.89	Not separated	$1\phi$	$2\phi$	+
Peas, dried	Ϊb	19,503,223	813,488	195,031.83	Canada 34%; Mexico 29.5%	1¢	1 % (	,
Mushrooms	Ϊb	6,855,726	1,978,426	890,291.70	France 87.2%	45%	60%	+
Onions	Ϊb	120,588,046	2,661,981	1,205,851.70	Egypt 43.9%; Spain 42.8%	1¢	2¢	+
					Spain 58.5%; Chile 15.7%;			
Garlie	lb	2,762,680	156,199	55,253.60	Italy 13.7%	2¢	1 1/2 ¢	
Tomatoes	Ιħ	132,090,325	4,542,894	643,789.15	Mexico 79.5%	½ ¢	3¢	+
Tomatoes, canned.	Ϊb	93,802,716	5,202,036	780,244.50	Italy 98.7%	15%	40%	+
Fresh vegetables, N.					Mexico 26.4%; <sup>4</sup> Cuba 25.4%;			
S. P. F. 5	Ϊb	59,969,198	2,293,810	536,534.70	Canada 21.8%	25%	50%	+
Acorns, chicory, dandelion root, etc.	ťħ	725,507	31,210	21,765.21	Not separated	3¢	$4\phi$	+
	**					$12\phi$	25¢	
Turnips	Ϊb	112,049,291	668,334	134,459.15	Canada 92.9%	per 100 lbs.		
Broom corn	ton	17	2,465		Not separated	Free	\$10 tor	
White clover	Ìb	947,223	217,777	28,416.69	Not separated	3¢	6¢	+
Blue grass	Ϊħ	708,708	88,122	14,174.16	Not separated	2¢	$5\phi$	+
Irish potatoes	Ϊb	305,292,233	5,187,623	1,521,423.72	Canada 95%	5¢	$75\phi$	+
Cocoa and chocolate unsweetened Cocoa and chocolate	Ϊb	2,924,393	400,173	76,249.44	Netherlands 65.9%	2¢	3¢	+
sweetened	Ιħ	3,331,180	1,110,008	194,495.08	00.0 /0	17 1/2 %	40%	+

Imports from the Virgin Islands are excluded from these totals.
 Orange and lemon peel from Cuba are entered free. Cuban imports on these commodities are therefore omitted from this table.
 All other grass seeds and clovers increased.
 Percentage of value, not quantity.
 N.S.P.F. means "not specially provided for."

#### SCHEDULE 8—SPIRITS, WINES AND OTHER BEVERAGES Minor changes of no significance

#### SCHEDULE 9—COTTON MANUFACTURES

	Duties							
Commodities	Unit	Quantity	Value	Duty Paid	Principal Countries of Origin	Present Rate	Propose Rate	Increase d or Decrease
Cotton yarns and warps	. Ib	3,247,912	\$3,733,128	\$1,048,613.04	United Kingdom 91.2%	General	increase <sup>3</sup>	+
Cotton cloth, not bleached	. Ib	4,591,265	5,260,450	1,533,181.23	United Kingdom 91%	General	increase	+
Cotton cloth, bleached	. Ib	1,107,002	2,039,636	643,206.17	United Kingdom 47.5%; Switzerland 42.9%	General	increase	+

#### SCHEDULE 9-COTTON MANUFACTURES (Continued)

	Duties						
Commodity Unit	Quantity	Value	Duty Paid	Principal Countries of Origin	Present I	Proposed	Increase or Decrease
Cotton cloth, colored, dyed, printed, etc	6 1 69 907	\$8,583,025	<b>#9 700 970 09</b>	United Kingdom 53.4%; Czechoslovakia 13.6%	General in		
etc lb Blankets no.	6,162,207		\$2,798,278.92		25%	35%	+
Diankets no.	622,007	277,122	69,280.50	Germany 90.1% United Kingdom	25%	39%	+
Tracing cloth sq. Filled or coated cot-	yd. 2,061,200	1,112,069	325,473.80	86.6%	$5\phi + 20\%$	30%	0
ton cloths, N.S.P.F.4sq. 3		123,341 95,967	43,692.97 38,426.30	United Kingdom	3 + 20 % 5 + 30 %	35% 40%	0
Oilcloth, except floors, and window		,	}	62%1			
hollandssq. y	7d. 621,068	169,665	52,565.04)	T 00.0 × 0	3¢+20%	30%	0
Tapestries, etc		5,482,990	2,467,345.50	France 38.2% <sup>2</sup> ; Germany 23%	45%	55%	+
Lamp, candle wick-	7,592	4,808	1,360.20	Not separated	10¢+12½%	% 30%	0
Boots, shoes and	1,002	2,000	1,000.20	1400 beparated	104   12 /2 /	0 00,0	
corset laces lb	1,227	1,643	512.65	Not separated	$15 \phi + 20 \%$	30%	0
Loom harness, etc 1b	3,352	8,623	2,993.75	Not separated	25 + 25%	35%	0
Knit fabrics, made on warp knitting							
machines Ib	20,879	29,837	16,410.35	Not separated	55%	45%	
Belts and Beltings	***************************************	12,418	4,346.30	Not separated	35%	40%	+
Wearing apparel, N.S.P.F. <sup>4</sup>	••••••	854,048	298,912.60	Not separated	35%	371/29	% <b>+</b>
N.D.F.F	***************************************	854,048	498,912.00	Not separated	00 70	01727	0 +

#### SCHEDULE 10-FLAX, HEMP, AND JUTE AND MANUFACTURES OF

		Duties					
Commodity Unit	Quantity	Value	Duty Paid	Principal Countries of Origin	Present Rate	Proposed Rate De	
Flax straw ton Flax, not hackled ton	32 1,525	\$ 3,396 661,510	\$ 64.00 34,160.00	Not separated Not separated	\$2 1¢ lb.	\$3 1½¢ lb.	++
Flax, hackled ton	1,692	1,142,107	75,801.60	United Kingdom 56%	2¢ lb.	3¢ lb.	+
Flax, noils ton Hemp, hackled ton	$\frac{427}{409}$	80,615 $172,910$	7,173.00 $18,323.20$	Not separated Not separated	¾ ¢ lb. 2¢ lb.	1¢ lb. 3¢ lb.	++
Yarns, single 1b	2,763,139	1,319,510	402,506.99	United Kingdom 80%	10¢ to 35¢	13¢ to 35%	+
Thread, twines, cords	551,748	598,382	209,352.81	United Kingdom 80.2% United Kingdom	18½¢ to 56	6¢21¼¢ to 59¢	+
Cordage of manila sisal and other hard fibres	5,528,037	781,933	40,846.08	47.3%; Netherlands 19%	6 ¾¢	2½¢	+
Hemp cordage tb	110,065	27,839	2,751.63	Not separated Czechoslovakia	2½¢	31/4¢	+
Table damask of				43.7%; United Kingdom			
vegetable fibre lb  Handkerchiefs vege-	6,164,027	6,653,274	2,661,309.60	32.4% United Kingdom	40%	45%	+
table fibre, hemmed doz.  Matting of coco fibre	3,505,441	3,819,353	1,718,708.85	83.8%	45%	50%	+
or rattan sq. yd. Mats of coco fibre	165,901	55,572	13,272.08	Not separated	8¢	10¢	+
or rattan sq. ft.	3,790,057	379,018	227,403.42	British India 949	6 6¢	8¢	+

All coated, filled, etc., cloth, except tracing cloth.
 Precentage of value, not quantity.
 Cf. p. 94 of Report to Accompany H. R. 2667.
 N.S.P.F. means "not specially provided for."

## SCHEDULE 11—WOOL AND MANUFACTURES OF

		SCHEDU	Imports,				Duties	
					Principal			Increase
Commodity Ur	nit	Quantity	Value	Duty Paid	Countries of Origin	Present Rate	Proposed Rate	
Hair of Angora to goat (mohair) co	clean ontent	3,431,549	\$1,860,438	\$1,063,780.19	Turkey 50.8%; S. Africa 42.7%	$31\phi$	34¢	+
Hair of Cashmere Ib	ontent	311,188	200,290	96,468.28	China 41.8%; Peru 37.9%	31¢	$34\phi$	+
Ditto, on skin co	clean ontent	179	100	53.70	2020 0710 70	30¢	33¢	+
	ltb ltb	144,072 12,584	63,872 7,182	44,662.32 \ 3,020.16 \	United Kingdom 64.6%	$\begin{array}{c} 31 \phi \\ 24 \phi \end{array}$	$34 \phi \ 26 \phi$	++
Noils, N.S.P.F I	lb lb	447,653 $7,870,109$	271,760 5,033,204	$107,436.72 \\ 1,495,320.71$	United Kingdom	$24\phi$ $19\phi$	$21 \phi 21 \phi$	+
Thread, or yarn waste I	tb	3,859,763	2,011,202	617,562.08	1011 70	16¢	18¢	+
	tb tb	315,040 18,620,934	97,748 5,524,237	23,628.00 \ 1,396,557.18 \	United Kingdom 73.5%	7½¢ 7½¢	8¢ to 10¢ 8¢ to 10¢	
Yarns, wool and mo-	tb	399,461	545,455	332,224.52	United Kingdom 61.7%	General	increase	+
Woven fabrics 1	tb	11,072,762	21,994,387	15,742,222.56	United Kingdom 77.1%	General		+
Pile fabrics T	ъ	411,631	994,744	662,024,40	Not separated	40¢+50%	44¢+ 50% to 55%	<u> </u>
Blankets I		836,033	699,161	445,119.55	Not separated	General	increase	+
Felts, not woven I	ħ	54,703	119,831	67,228.95	Not separated	18¢+30% t 37¢+40%		% to +
Fabrics, with fast								
edges less than 12" wide	ъ	719	2,713	1,680.05	Not separated	45¢+50%	50¢+50%	6 +
Knit fabrics, less than \$1 lb	ъ	720	572	444.80	Not separated	30¢+40%	33¢+40%	· +
Knit fabrics, more than \$1 lb	Ъ	39,257	201,808	118,569.65	Not separated	45¢+50%	50¢+50%	+
Hose and half hose not more than \$1.75 doz	~	14,500 699,611	23,289 2,448,152	13,371.15 \ 1,538,900.95 \	United Kingdom	36¢+35% 45¢+50%	40¢+35% 50¢+50%	; + ; +
Gloves, mittens not over \$1.75 doz Il		115,328	192,994	109,139.03)		36¢+35%	40¢+35%	+
Ditto, over \$1.75		56,444	146,410	98,604.80	Germany 82%	45¢+50%	50¢+50%	+
doz. pr fl	D	50,444	140,410	20,004.00)		204   0070	004   007	'
over \$1.75 lb If	đ	7,392	11,724	6,178.32	United Kingdom	$36 \phi + 30 \%$	40¢+30%	+
Ditto, over \$1.75 If Knit outerwear,	ģ	26,810	90,283	57,206.00	40.5%; Germany 18.3%;	45¢+50%	50¢+50%	
other knit or cro- cheted articles Il	ð	423,286	1,929,197	1,148,914.30	France 17.5%	36¢ to 45¢+ 40% to 50%		
Wearing apparel, not knit or cro- cheted, not more								
than \$2.00 a lb If	b	2,416,257	3,684,647	2,053,760.48	Italy 50.7%; United Kingdom	24¢+40%	26¢+40%	+
Ditto, \$2 but under \$4 a lb		946,747 470,395	2,577,183 3,178,569	1,443,756.45 1,800,962.25	24.8%	30 + 45% $45 + 50%$	$33 \phi + 45\%$ $50 \phi + 50\%$	+
Hats and hat bodies of wool felt If	b	1,421,754	2,529,486	1,427,979.18	Italy 56%	General i	increase	+
Carpets, etcsq.	-	3,309,281	21,667,492	11,441,383.70	Persia 25.3%; Turkey 12.7%; United Kingdom 12.2%	25% to 40%	25% to 60	% +
1. Percentage of value,	not qua	ntity.						

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## SCHEDULE 12—SILK MANUFACTURES

		Duties					
Commodity	Unit	Quantity	Value	Duty Paid	Principal Countries of Origin	Present Rate	Increase Proposed or Rate Decrease
Pile fabrics, plushes, velvets, chenilles, etc	. Ib	818,726	\$5,123,298	\$3,073,978.80	France 65.5%	60%	60% to 75% +
Thrown silk, not ad vanced more than singles, tram or or ganzine	1	122	657	164.25	Not separated	25%	20% —
Spun silk, etc., bleached, dyed or colored <sup>1</sup>	. Ib	54	354	159.30	Not separated	45%	50% +
1. All silk manufa	ctures	"not specially provided	for" are increased	d from 60 to 65 per	cent.		22,0

## SCHEDULE 13—RAYON MANUFACTURES¹

Imports, 1927									Duties	
Commodity	Unit	Quantity		Value	I	Outy Paid	Principal Countries of Origin	Present Rate	Proposed Rate	Increase l or Decrease
Knit fabrics	Ib	7,561	\$	36,227	\$	25,138.65	France 28.7%2;	45¢+60%	65%	0
Knit goods	Ib	17,853		81,752		57,085.05	Italy 21.4%; Germany 20.3%	45¢+60%	70%	0

<sup>1.</sup> H.R. 2667 provides a special schedule of rayon manufactures hitherto classified under silks.

2. All rayon manufactures except waste, yarns, and braids. Percentage of value, not quantity.

The duties on the newly classified rayon manufactures have all been drastically increased. The proposed duties on most rayon manufactures are 45 cents per lb. plus from 66 to 70 per cent ad valorem.

#### SCHEDULE 14-PAPER AND BOOKS

Imports, 1927

			ттрогс	S, 1927			Duties	
Commodity U	, Init	Quantity	Value	Duty Paid	Principal Countries of Origin	Present Rate	Proposed Rate De	or ecrease
Tissue papers, etc., weighing not over 6 lbs. per ream	Ϊħ	2,388,329	\$1,516,435	\$ 370,764.99	United Kingdom 31.8%; Germany 23.9%; Japan 18.8%	6¢+15%	6¢+20%	+
Surface-coated paper, embossed, printed, or covered with metal, gela-								
tin or flock	Ϊb	884,699	374,237	103,431.75	Germany 59.5% <sup>2</sup>		4½¢+18%	+
Plain basic paper for sensitizing for photographic pro-	Ϊb	267,199	127,644	35,059.43		5¢+17%	5¢+20%	+
cesses	Ϊb	624,521	135,594	39,074.73	Not separated	3¢+15%	5%	_
Sensitized paper Lithographically	Ĭb	3,289,595	931,281	284,944.05	Not separated	3¢+20%	30%	0
printed labels and flaps	Ϊb	164,954	166,399	45,086.26	France 38.4% <sup>3</sup> ; Germany 38%	25¢ to 30¢	30¢ to 40¢	+
Decalcomanias, over 100 lbs. per 1,000								
Ditto, not over 100 lbs. per 1,000	Ĭb	321,105	421,990	133,941.60	Germany 81.5%	22 + 15%	50¢+15%	+
sheets	Ϊb	1,704	6,971	2,238.45		70¢+15%	\$1.40+159	6 +

All tissue papers.
 All surface-coated paper.
 Includes cigar bands.

## SCHEDULE 15-SUNDRIES

		Duties					
Commodity Unit	Quantity	Value	Duty Paid	Principal Countries of Origin	Present Rate	Proposed Rate De	or or ecrease
Asbestos yarn lb	338,083	\$ 107,485	\$ 32,245.50	Belgium 77.6%1	30%	40%	+ :
Hat braids, dyed, colored or stained yd	. 66,810,956	561,245	112,240.48	Not separated	20%	25%4	+
Hats of straw, etc., not blocked, colored or trimmedno	. 5,280,681	3,539,243	1,238,735.05	Italy 36.4%; Japan 30.9%	35%	25%	_
Hats of straw, etc., blocked or trimmed no	. 1,378,041	1,003,089	501,525.40	Japan 60.5%; Switzerland 25.4%	50%	50% + \$4.00 a doz.	+
Brooms no	. 315,140	10,724	1,608.60	Not separated	15%	25%	+ .
Tooth, toilet and other brushes, etc.	4,606,859	1,553,527	699,087.15	Japan 54.8%; Germany 39.5%	45%	50%	+ ;
Agate buttons gro	ss 2,274,941	187,392	28,108.80	Czechoslovakia 57.4% <sup>2</sup> ; Germany 29.9%	15%	25%+1½¢	+
Artificial cork in slabs, blocks, etc ib	4,112	1,069	246.72	Not separated	6¢	10¢	+
Cork, N.S.P.F.5 gro		184,300	55,290.00	Not separated	30%	50%	+ ;
Matches, in boxes of of 100 or less box		2,213,541	497,879.44	Sweden 60%	8¢	20¢	+
Matches, in other packages	23,462	25,376	175.97	Sweden 46.3% <sup>3</sup>	¾ ¢	2¢	+ .
Percussion caps and cartridges		72,318	21,695.40	Not separated	30%	40%	+
Artificial flowers, etc.		1,406,925	844,155.00	France 31%3; Germany 53.8%	60% colored,	75% dyed or painted	+
.Chamois skins and other leather		808,071	161,614.20	Not separated	20%	25%	+
Leather bags, boxes. satchels, etc		2,953,094	885,928.20	Germany 47.4%	30%	35%	+
etc		730,832	328,874.40		45%	50%	+
Bristles, sorted, bunched or prepared	5,032,205	6,756,545	352,226.17	China 73.8%	$7\phi$	3¢	_
Hides and skins of cattle		52,832,366	<i></i>	Argentina $43.6\%^3$ ; Canada $15.5\%$	Free	10%	+
Sole leather ib	10,257,414	3,435,388		Canada 65.2% <sup>3</sup> ; United Kingdom 28.6%	Free	12½%	+
Harness leather 15		472,957		Canada 96.9%	Free	121/2 %	+
	, ,			United Kingdom 26.2% <sup>3</sup> ; Canada 25.8%;			
Upper leather. cattle, calf, etc		11,304,166		Germany 20.9%; Netherlands 12.7%	6 Free	15%	+ .
Patent upper leathersq.	ft. 7,278,238	2,802,457		Canada 67.5%; Germany 28%	Free	15%	+
Leather cut into shapes for making shoes		466,978		Canada 89.6% United Kingdom	Free	10%	+
Leather footwear pr	r. 1,940,030	5,607,728		26.7% <sup>3</sup> ; Czechoslovakia 25.8%	Free	20%	+ .

## SCHEDULE 15—SUNDRIES (Continued)

	Duties						
Commodity Unit	Quantity	Value	Duty Paid	Principal Countries of Origin	Present Rate		crease or crease
Saddles, harnesses, N.S.P.F. <sup>5</sup> and leather shoe laces, etc.		\$ 194,093	\$	Not separated	Free	15%	+
Pipes, cigar and cigarette holders, mouthpieces, etc		1,635,076	981,645.60	Not separated	60%	60%+5¢ ea.	+
Candles tb	1,018,917	210,233	42,046.60	Not separated	20%	35%	+
Gloves, wholly or in part leather prs.	10,529,488	10,639,061	5,346,682.89	France 44.4%; Germany 29.1%	General	increase	+
Pipe organs and parts		247,322	98,928.80	Not separated	40%	60%	+
-Musical instrument cases no.	32,045	31,785	12,714 00	Not separated	40%	50%	+
Violins, etc no.	107,517	343,438	227,705.96	Not separated	35% + \$1	35%+ \$1.25	+
Violin strings, etc	***************************************	128,305	51,322.00	Not separated	40%	60%	+
Phonograph needles M.	278,019	28,260	12,717.00	Not separated	45%	45%+8¢	+
Mechanical pencilsgross Pencils, not metal	38,556	208,575	64,928.55	All pencils, etc.,	45¢+ 20 to 259	72¢ per doz.+ 40%	+
and crayons and fusiansgross	176,627	469,750	196,919.65	Germany 83.1%	$^{45 \phi +}_{25 \%}$	60¢+ 30%	+
Photographic dry plates doz.	462,428	218,354	32,753.10	Not separated	15%	25%	+
Umbrellas, etc., covered with material other than lace, not embroidered no.	607,817	152,619	61,047.60	Not separated	40%	60%	+

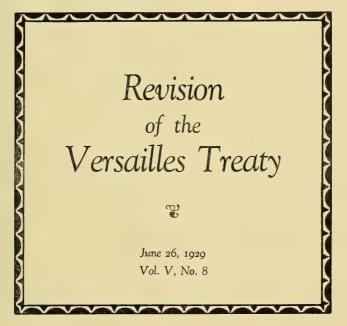
If colored, new tariff is 25c a dozen plus 25 per cent ad valorem. All asbestos manufactures.
 Buttons of agate, horn or glass.
 Value on percentage, not quantity.
 Except Ramie braids which are decreased from 33 per cent to 20 per cent.
 N.S.P.F. means "not specially provided for."

## SCHEDULE 16-FREE LIST

	Duties							
Commodity	Unit	Quantity	Value	Duty Paid	Principal Countries of Origin	Present Rate	Proposed	Increase or Decrease
Argols, tartar or wine lees contain ing less than 90% of potassium bitar trate	-	24,882,392	\$2,282,532	\$ 114,126.60	France 54.5%	5%	Free	
Licorice root	tb	69,951,892	2,111,923	349,759.46	Turkey in Asia 32.6%; Soviet Russia 31.6%	½¢	Free	
Buchu leaves	Ib	86,692	21,169	8,669,20	Not separated	10¢	Free	_
Citron and citron peel crude, dried of in brine	r	1,173,638	112,110	23,472.76	Italy 61.8%	$2\phi$	Free	

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# Information Service



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INCORPORATED

# Information Service

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# REVISION OF THE VERSAILLES TREATY

by

MILDRED S. WERTHEIMER

with the aid of the Research Staff of the Foreign Policy Association

## INTRODUCTION

URING the early part of the present month preparations were reported to be under way in every important city in Germany for a series of large-scale demonstrations on June 28 (the tenth anniversary of the signing of the Treaty of Versailles) to take the form of a vigorous nation-wide protest against the terms of that historic document. A sudden damper was placed upon the activities of would-be demonstrators, however, when the Socialist party, now in power in Germany, announced that it would boycott the proposed demonstrations. Its refusal to participate in the ceremonies planned by Nationalist elements was explained on the ground that they had as their object the "inflaming of nationalistic passions."

But while the government of the day has frowned upon any attempt to stage a spectacular protest against the Versailles Treaty ten years after its formal conclusion, nothing is plainer than the fact than the Socialists do desire for Germany those practical advantages which revision of the Versailles Treaty is presumed to entail. Socialist leaders took the pains to point out that their boycott of the proposed demonstrations could not be construed as an indication that they did not desire revision of the treaty. The opposite was, in fact, the case. "The Socialist party," they asserted, "for ten years has done everything to mitigate the injustice of the Versailles Treaty, to alleviate its burdens and to tear down the false judgment of the German people which was formed in the public opinion of the world during the war."1

A passage of this sort appearing at the present moment in the German press suggests the desirability of attempting to discover just what Germans have been saving and thinking about treaty revision, and what are the chief arguments that have been advanced by advocates of revision. The present report reviews the considerations that have entered into the most important discussions of the subject. It begins with an examination of Article XIX of the Covenant of the League of Nations providing for revision of the peace treaties. It then proceeds to discuss the reasons for the inclusion of such an article in the League Covenant and to consider the conditions requisite for its practical application in world affairs.

As Article XIX of the Covenant gives Germans the legal right to press for revision of the Versailles Treaty, certain other considerations, they have felt, give them the moral right to do so. The second part of the present study is devoted to a review of these special considerations, which are treated not only in the light of their historical background but also in their relation to the views held by Germany's neighbors and by various political groups within Germany itself.

The final section—that dealing with problems growing out of the demilitation of Germany's eastern frontiers—raises the whole question of the League's responsibility with respect to the treatment of minority populations. The present report gives only a bare indication of the importance attached to this question in League circles. Adequate treatment of the subject in its various phases is reserved until such time as the League shall have decided what its attitude is to be.

<sup>1.</sup> New York Herald Tribune, June 9, 1929.

#### TREATY REVISION AND PROPAGANDA

NOW that ten years have passed since the conclusion of the Treaty of Versailles, embodying the terms upon which the Allied and Associated Powers were willing to make peace with Germany, the question may well be asked as to how far German public opinion has adjusted itself to the settlement which was forced upon the nation in 1919 in consequence of its military defeat in the preceding year.

Indications have been frequently given in the German press and at international gatherings of one sort or another that the adjustment is far from complete—that although the German Government has declared its policy to be one of "fulfillment" of the Treaty of Versailles, dissatisfaction with the terms of the peace settlement is general, and the desire for its revision strong. Examination of the policies of the important political parties of the German Reich shows, indeed, that all of them without exception advocate either immediate or eventual revision of the treaty.

One of the most recent of many incidents exemplifying the German desire for revision occurred on April 18, during the conference of reparation experts at Paris, when Dr. Hjalmar Schacht, head of the German delegation, presented a memorandum referring to the territorial provisions of the Treaty of Versailles, and suggesting their alteration as a necessary part of a satisfactory reparation agreement.

Dr. Schacht stated that it was absolutely necessary to "fortify the basis of Germany's economic life" if the country's efforts to meet reparation payments were to be made efficacious. What he meant by "fortifying the basis of Germany's economic life" was made clear when he referred to the fact that as a result of the war Germany had been deprived of the possibility of developing overseas reservoirs of raw materials, while its domestic supply of raw materials had also been reduced. To meet the proposed reparation payments without increasing its foreign debts, he stated, Germany must be in a position to create for itself a means of

procuring raw materials from overseas, developing these new sources of supply with German capital and on German responsibility. This was all the more necessary because the loss of territory along Germany's eastern border had meant relinquishment of a region which produces an agricultural surplus. A further loss to Germany was involved in the geographical separation from it of an entire province (presumably East Prussia) —a circumstance which had caused the prosperity of that province to decline and had obliged the Reich to grant it regular subsidies. Dr. Schacht concluded this section of his memorandum by saving that since these losses reduced Germany's capacity to pay, it would be necessary to take measures for the readjustment of the unfavorable conditions to which it had drawn attention. if the reparation problem was to be dealt with adequately.1a

# FRENCH CHARGE "GERMAN PROPAGANDA"

The inclusion of this suggestion in the Schacht memorandum caused a ripple of surprise, but only because it injected into a conference on financial affairs questions of a political nature with which the reparation experts had no authority to deal.2 But in the German point of view itself there was nothing startling. The French had for some time been accusing the German Government of working actively toward creating a public opinion favorable to revision of the peace settlement and of going to the length of carrying on well financed propaganda abroad toward this end. Premier Poincaré, for example, during the course of a debate on Alsace-Lorraine in the French Chamber of Deputies, charged on February 1, 1929 that the German budget had provided 94 million marks for propaganda purposes, and that this money was used to extend "Germanism" (das Deutschtum) outside of Germany in the interests of Pan-Germanism.

<sup>1</sup>a. For the most complete English text of the Schacht memorandum yet received, cf. New York Herald Tribune, April 22, 1929.

<sup>2.</sup> The German delegation did not press acceptance of this memorandum in subsequent meetings of the reparation experts.

## STRESEMANN'S

Foreign Minister Stresemann's answer to this charge was given out to the press promptly on the following day in a statement specifying the uses to which the German Government had actually been putting the funds available for propaganda purposes. He said that the entire appropriation for propaganda amounted to only 21,638,000 marks, and that only a small part of this sum was for use outside the Reich. The Ministry of the Occupied Territories, for example, had four million marks, of which three million were set aside for cultural purposes; this could scarcely be classified with funds used for propaganda abroad. German Ministry of the Interior, moreover, had two million marks for the support of cultural activities. The offices of the Reich (Reichskanzlei) had 300,000 marks at their disposal and the central home service

(Reichszentrale fur Heimatsdienst) 522,000 marks. The Foreign Office had been allotted a secret fund of six million marks, another fund of six million marks for the advancement of humanitarian and cultural relations with foreign countries (4,500,000 of which were set aside for use in schools) and 416,000 marks for dissemination of information within Germany. In addition the Foreign Office had a sum of 2,400,000 marks for the dissemination abroad of information about Germany. The schools of which he had spoken could not be classified, he said, as propaganda agencies.<sup>3</sup>

The significance of this exchange of courtesies between Premier Poincaré and Dr. Stresemann is to be found in the mental attitudes it exemplifies—a certain mistrust on the part of France, and a matter-of-course interest on the part of the Reich in Germans living beyond the frontiers of Germany.

#### LEAGUE PROVISION FOR TREATY REVISION

It is the common belief of Germans that their nation has both a legal and an ethical right to demand revision of the Treaty of Versailles. The claim to legal right is based upon Article XIX of the Covenant of the League of Nations, which makes the following significant provision:

"The Assembly may from time to time advise the reconsideration by Members of the League of treaties which have become inapplicable and the consideration of international conditions whose continuance might endanger the peace of the world."

How this article came to be included in the Covenant is a matter worth considering at this point, since it throws a certain light on the purposes which the framers of the Covenant had in mind when they decided to endorse the principle of treaty revision.

# PRESIDENT WILSON AND TREATY REVISION

It is apparent that President Wilson recognized very early that provision ought to be made for revision of the peace treaties. Statements made by him on board the *George* 

Washington to members of the Colonel House Commission of Inquiry indicated as much. Dr. Isaiah Bowman, in his informal minutes of a meeting held on December 10, 1918, represented the gist of President Wilson's remarks on this subject to the American experts bound for the Peace Conference to be as follows:

"As for the League of Nations, it implied political independence and territorial integrity plus later alteration of terms and alteration of boundaries if it could be shown that injustice had been done or that conditions had changed. And such alteration would be considerably easier to make in time as passion subsided and matters could be viewed in the light of justice rather than in the light of a peace conference at the close of a protracted war."

During the early part of the Peace Conference, before meetings were actually held by the newly appointed Commission on the League of Nations, tentative drafts were made of a covenant for the League of Nations. President Wilson, as was to be expected in view of his statements on board

<sup>3.</sup> Frankfurter Zeitung (Erstes Morgenblatt), February 3, 1929; Le Temps, February 3, 1929.

<sup>4.</sup> Quoted in Miller, D. H., The Drafting of the Covenant, Vol. I, p. 42.

the George Washington, included in his Third Draft<sup>5</sup> an article providing for revision of territorial sections of the peace treaties. A British draft, prepared by Lord Robert Cecil at about the same time, went further than that of President Wilson in providing means not only for revision of boundaries but also for drastic treatment of parties unwilling to recognize the validity of such revision.

To these proposals American advisers, and notably Mr. David Hunter Miller, took exception. Mr. Miller asserted that such provisions would merely serve to make dissatisfaction with national boundaries permanent and "legalize irredentist agitation." When the British and American drafts were put together to form what is known as the Hurst-Miller draft of the Covenant, provisions for boundary revision were accordingly omitted, although guarantees for preservation of the territorial integrity of States Members of the League were retained.

## TREATY REVISION AND SECURITY

When the League of Nations Commission appointed by the Peace Conference actually entered upon its duties, however, it dealt with the two questions of territorial guarantees and possible revision of the treaties together, since it was recognized that the subjects were to a certain degree related. Although British representatives were especially opposed to the guarantee provisions, the commission finally adopted them in the form which they have assumed in what is now the famous Article X of the League Covenant.6 The commission's decision with respect to the second question was embodied in Article XIX, already quoted, which empowered the Assembly of the League to advise revision of any treaties which had become inapplicable.7

It was Lord Robert Cecil who suggested, in the course of the commission's discussions

5. A document known also as President Wilson's Second Paris Draft.

of Article X, the principle which thus finds expression in Article XIX. The actual text of the article, however, was proposed by President Wilson, Lord Robert Cecil wished to go still further, and attempted to modify Article X by the addition of a phrase providing that the High Contracting Parties should undertake "subject to the provisions of Article XXIV [now XIX] to respect . . . the territorial integrity and existing political independence of all Members of the League." Such an amendment, he thought, would not alter the meaning of Article X or serve to weaken it. But President Wilson did not share Lord Robert Cecil's view. He believed that the additional phrase might detract from the force of the guarantees. It was the article on which the French relied for security, he said, and he did not see, therefore, how it was possible to permit it to be weakened in any way. Lord Robert Cecil's amendment was not adopted and Article X as it stands today accordingly provides for guarantees but makes no additional reference to the possibility of treaty revision provided for in Article XIX.

On the day when it was decided to incorporate the League Covenant in the treaties of peace, President Wilson said in part:

"I can easily conceive that many of these settlements will need subsequent reconsideration; that many of the decisions we shall make will need subsequent alterations in some degree."

President Wilson's brief pronouncement on the subject at the plenary session of the Peace Conference on January 25, 1919 was to find echoes in a later declaration of the Allied and Associated Powers as a whole. In the reply of the Allied and Associated Powers to the Observations of the German Delegation on the Conditions of Peace occurred a passage paralleling the statement of President Wilson:

"They [the Allied and Associated Powers] believe that it is not only a just settlement of the Great War, but that it provides the basis upon which the peoples of Europe can live together in friendship and equality. At the same time it creates the machinery for the peaceful adjustment of all international problems by discussion and consent, whereby the settlement of 1919 itself can be modified from time to time to suit new facts and conditions as they arise."

<sup>6. &</sup>quot;The Members of the League undertake to respect and preserve as against external aggression the territorial integrity and existing political independence of all Members of the League. In case of any such aggression or in case of any threat or danger of such aggression the Council shall advise upon the means by which this obligation shall be fulfilled."

<sup>7.</sup> Miller, op. cit., Vol. I, p. 169; Vol. II, p. 550.

What one of the leading American advisers at the Peace Conference thinks of the importance of Article XIX, looking at it nine years after the drafting of the Covenant, is apparent from the following extract from the recent work of Mr. David Hunter Miller:

"It is coming and has partly come to be seen that peace means a situation in which neither the guarantees of Article X nor the sanctions of Article XVI are called into execution and so means a situation which depends on the conference table agreements of Articles XI and XIX with those other articles in the background.... The security of Articles XI and XIX is the security of arbitration and of freedom from attack, while the security of Articles X and XVI is the security of compulsion and of reparation."

## APPLICATION OF ARTICLE XIX

Article XIX of the League Covenant seems to have been invoked only twice as yet by States desiring revision of treaties to which they are parties. In 1920 Peru asked the Assembly "to reconsider and revise" the treaty of October 20, 1883 between Peru and Chile. The request was withdrawn by Peru on December 2, 1920, the Peruvian Government "reserving the right to submit its difference with Chile to the League at a later date."9 In 1920, also, the Bolivian Government addressed a request to the First Assembly of the League, "with a view to obtaining from the League of Nations the revision of the Treaty of Peace signed between Bolivia and Chile on October 20, 1904." This treaty had deprived Bolivia of territory which had given it access to the sea and it was because Bolivians believed the arrangement to be unjust that their government appealed to the League. The First Assembly postponed consideration of the question and the Second Assembly, in 1921, referred the matter to a Committee of Jurists, asking the latter's opinion as to the competence of the Assembly under Article XIX with regard to the dispute.10

The committee's opinion was as follows: "In its present form, the request of Bolivia

is not in order, because the Assembly of the League of Nations cannot of itself modify any treaty, the modification of treaties lying solely within the competence of the contracting States." It went on to say that since the Covenant confers on the Assembly the power to "advise" as to the reconsideration by Members of their treaties, such advice "can only be given in cases where treaties have become inapplicable . . . that is to say when the state of affairs existing at the moment of their conclusion has subsequently undergone, either materially or morally, such radical changes that their application has ceased to be reasonably possible, or in cases of international conditions whose continuance might endanger the peace of the world,"

Thus Bolivia's request was rejected on the technical ground that it was not correctly drawn up. The opinion of the Committee of Jurists is important because it may form a precedent for any future action which the League may take under Article XIX of the Covenant, preventing the League from advising reconsideration of treaties when only one of the parties concerned feels that the terms have been unjust from the beginning. Nevertheless, Article XIX says further that the Assembly may "advise" consideration of "international conditions whose continuance might endanger the peace of the world." And another article of the Covenant-viz., Article XI, already referred tostates that "any war or threat of war, whether immediately affecting any of the Members of the League or not, is hereby declared a matter of concern to the whole League, and the League shall take any action that may be deemed wise and effectual to safeguard the peace of nations." And it is important to note that Article XI is not restricted by the interpretation which has imposed limits to the meaning of Article XIX.

Since under Article XIX it is merely the duty of the Assembly to "advise" in matters of this nature, some authorities hold that the action of the Assembly on such occasions may be decided by majority vote. This being the case, they point out that interested parties would be unable to block action in the Assembly. Were the contrary to be true,

<sup>8.</sup> Miller, op. cit., Vol. I, p. 551.

<sup>9.</sup> League of Nations, Records of the First Assembly, Plenary Meetings, p. 580, 596.

League of Nations, Records of the First Assembly, Plenary Meetings, p. 580, 595; Records of the Second Assembly, Plenary Meetings, p. 466.

they suggest, such interested parties would be able to prevent unanimity, obstruct action, and in effect become judges in their own case.<sup>11</sup>

Exactly the opposite opinion is held by an eminent British jurist, Sir John Fischer Williams, K.C., British legal representative on the Reparation Commission. He states that it is "startling" to be told that "on a matter of such grave international importance... the Assembly of the League can take by a bare majority a decision which involves the responsibility of the League as a body corporate, and which though it does not impose an obligation to reconsider much less to revise a treaty, pits the credit and authority of the League against the maintenance of the instrument attacked."

The principle virtue of Article XIX seems to be that through it, regardless of whether action may finally be taken by unanimous or by majority vote, the Assembly is able to focus world opinion on conditions which threaten to disturb the peace. Sooner or later, therefore, Germany may ask the Assembly to reconsider portions of the Treaty of Versailles to which it objects.

At the March meeting of the League Council in 1929 Dr. Stresemann declared, "Frankly, I do not think that we have in the present century established a condition of affairs which is eternal, and that idea is very clearly expressed in the Covenant of the League of Nations."

What are the specific objections of Germany to the peace settlement? What are the German aims hitherto most frequently expressed? The most important points on which Germany is working for revision may be listed as follows: the imputation of war guilt, reparation, the Rhineland occupation, the Eastern frontiers, the prohibition of an Austro-German union, the unilateral disarmament of Germany, the colonial settlement which deprived the Reich of its colonies and placed on Germans the stigma of maladministration of their overseas possessions, the Saar, and Eupen and Malmedy. Inasmuch as several of these subjects have been discussed in previous issues of the Information Service, 13 the present report will confine itself to the questions of war guilt, Austro-German union, the Saar, Eupen and Malmedy, the colonial settlement and the Eastern frontiers.

#### WAR RESPONSIBILITY

The provision of the Treaty of Versailles which has probably caused the most objection in Germany is Article 231 imposing upon Germany and its allies the responsibility for the war. This article reads as follows:

"The Allied and Associated Governments affirm and Germany accepts the responsibility of Germany and her allies for causing all the loss and damage to which the Allied and Associated Governments and their nationals have been subjected as a consequence of the war imposed upon them by the aggression of Germany and her allies." Austria and Hungary were required to endorse identical articles in the Treaties of St. Germain and Trianon respectively.<sup>14</sup>

"The impossible demands of the Versailles Treaty such as . . . the unilateral disarmament of the Reich, the completely superfluous occupation of the Rhineland, the maintenance of the impossible Eastern frontiers, and the prohibition of the Union of Germany and Austria are on every occasion justified by the idea of war guilt." 15

This statement suggests briefly the force of German dissatisfaction with the peace settlement in relation to the question of war responsibility.

The responsibility for the war was laid at Germany's door by the victorious Allies, both at the Peace Conference itself and by

<sup>11.</sup> Cf. Schücking and Webberg, Die Satzung des Völkerbundes (1924 ed.).

<sup>12.</sup> Cf. Williams, J. F., "The League of Nations and Unanimity," The American Journal of International Law, July 1925, Vol. 19, No. 3, p. 482.

<sup>13. &</sup>quot;The Financial Liquidation of the War," Vol. IV, No. 21, December 21, 1923; "The Evacuation of the Rhineland," Vol. V, No. 1, March 26, 1929; "German-Polish Relations, Danzig, the Folish "Corridor East Prussia, Upper Silesia," Vol. III, No. 12, December 9, 1927; "The German Union," Vol. III, No. 20, December 9, 1927; "The Disarmannent Deadlock," Vol. IV, No. 18, November 23, 1928.

<sup>14.</sup> Treaty of St. Germain, Article 177; Treaty of Trianon, Article 161.

<sup>15.</sup> Von Wegerer, Alfred, Die Widerlegung der Versailler Kriegsschuldthese, p. 9.

public opinion in Allied countries during the war and for some time thereafter. Not only do the German people feel that their honor has been unjustly stigmatized, but also that the revision of what they regard as an unfair and unwarrantable peace settlement depends primarily on the revision of the judgment contained in Article 231 of the Versailles Treaty. This viewpoint was aptly summarized in a passage appearing in the Paris Figaro of July 17, 1928 which we quote: "And, in effect, if Germany is not guilty, the peace is unjust. It is unjust even if the responsibility is divided."16 While aptly putting the German view in regard to revision of the peace settlement, this quotation by implication expresses also the official French view, which is the converse-viz., that Germany was responsible for the war and that therefore the peace settlement is a just one.

#### DEVELOPMENT OF WAR-GUILT CONTROVERSY

Discussion of war responsibility has gone through three phases since 1914. First, during the war and the Peace Conference, the "guilt" or responsibility was fixed on a few individuals, such as the Kaiser, the so-called Pan-Germans, and the Austrian and Ger-The various "white." man militarists. "blue." "orange." "grey" and "vellow" books published by the belligerent governments soon after July 1914 aimed to provide a documentary basis to support or controvert this judgment. Discussion of the problem during this period was influenced, however, by propaganda and national prejudices. The second phase was marked by the publication of many documents from the German, Austrian and Russian archives, and latterly from the British Foreign Office, which shed a new light on the war's "immediate" causes so called. This phase also saw a swing of the pendulum, on the part of some writers, from the one extreme of fixing the whole guilt on the Central Powers to the other extreme of fastening the guilt on various Entente leaders, resulting in a demand for revision of the Versailles Treaty. It might be said that at the present time, ten years and more after the Armistice, a third phase of the discussion has begun, in which historians, basing their conclusions on the great mass of documentary evidence now available, are beginning to assert that all the powers were more or less responsible for the outbreak of war. The present tendency thus appears to be toward a theory that war was caused by the "system of international anarchy involved in alliances, armaments, and secret diplomacy." The publication in the autumn of 1928 of Professor Sidney Bradshaw Fay's dispassionate and thoroughly documented work, The Origins of the World War, might be said to have inaugurated this third phase of the discussion.

# PUBLICATION OF WAR DOCUMENTS

In December 1919 the German Republic published the *Kautsky Documents*—so called because they were edited by Karl Kautsky, the Socialist leader. These formed a carefully arranged and annotated collection of all the Foreign Office documents which might throw light on the origins of the war.

The German Reich has more recently published very completely the documents of the Imperial Foreign Office for the period 1871-1914 in Die Grosse Politik der Europäischen Kabinette, 1871-1914, a collection of forty volumes in fifty-four parts. A four-volume edition containing selections from the most important of these documents was published in 1928 under the title of Die Auswärtige Politik des Deutschen Reiches, 1871-1914,17 It is interesting to note that the German White Book of 1914 contained only twentyseven documents; the Kautsky collection, covering the same period, comprises 1,123. As we have noted, the Grosse Politik series consists of forty volumes. It contains the most secret instructions sent by Bismarck and his successors to German representatives abroad, exchanges between the Kaiser and his Foreign Office and the illuminating marginal notes on many documents made by Bismarck and William II. These documents throw a flood of light on the entire period between the Franco-Prussian War and the World War.

<sup>16.</sup> Et, en effet, si l'Allemagne n'est pas coupable, la paix est injuste. Elle l'est meme si les responsabilités sont partaciec

<sup>17.</sup> An English translation by E. T. S. Dugdale of the documents relating especially to England has been in course of publication (London, Methuen).

Germany is not the only European country which has been engaged in publishing documents of this nature. The Austrian archives have also been opened and a new Austrian Red Book has been published in three volumes containing 352 documents in contrast to the sixty-nine documents of the original Austrian Red Book of 1914.

In Russia, as early as the winter of 1917-1918, the Bolshevists published a series of secret treaties of the former Tsarist Government. In 1922 they published a series of documents entitled Materials for the History of Franco-Russian Relations from 1910 to 1914. Other documents have been published by Moscow, comprising according to Fay "more than 200 telegrams instead of the misleading and partly falsified 79 documents of the Russian Orange Book of 1914."

#### BRITISH AND FRENCH DOCUMENTS

The British Government has also issued what Professor Fay has characterized as "an admirable collection of all its diplomatic documents relating to the July crisis of 1914,"18 which has been followed by five other volumes of the series (Volumes I, II, III, IV, and V) dealing with the period beginning with 1898. The rest of the series is at present being prepared for publication and the whole will form a British record comparable to that of the German Grosse Politik.

It has only recently been announced that the French archives are to be opened and that a compilation in some fifty volumes covering the period from 1871 to 1914 will be published. This will fill a large gap in the existing source material.19

In addition to these official publications, there has been a perfect flood of memoirs, recollections and apologias from leading statesmen and military leaders in all the belligerent countries. But despite the new light thrown on the question by documents and by the work of historians, the legal verdict of Article 231 of the Versailles Treaty still stands. This verdict is based on the report to the Peace Conference of a

18. Gooch, G. P. and Temperley, H. W. V., British Documents on the Origins of the War, 1898-1914, Vol. XI.

"Commission on the Responsibility of the Authors of the War." The report stated that "the war was premeditated by the Central Powers. . . . Germany, in agreement with Austria-Hungary, deliberately worked to defeat all the many conciliatory proposals made by the Entente Powers."

#### GERMAN PRONOUNCEMENTS RE "WAR GUILT"

For the purpose of revising this verdict the Reich has maintained a Division of War Guilt in the German Foreign Office. A monthly magazine called Die Kriegsschuldfrage (The Question of War Guilt) is published in Berlin by the Central Bureau for Investigating Responsibility for the War. which collects all the material on the subject of war responsibility, conducts extensive researches into the problem and publishes occasional books.

The German Government has referred to war responsibility many times since the Reich delegation, which went to Versailles to receive the peace terms, denied that the German people were "alone" guilty of causing the war. When the German Reichstag passed legislation putting the Dawes Plan into effect, the Nationalists consented to the passage of the bills only on certain conditions, one of which was the issuing of an official statement repudiating Germany's "war guilt." The Chancellor, Dr. Marx, accordingly read a detailed statement in the Reichstag on August 29, 1924, affirming that the declaration imposed on Germany by the Treaty of Versailles "under the pressure of overwhelming force that Germany caused the outbreak of the World War by her aggression is contrary to historical fact. The government of the Reich does not accept that declaration. . . . So long as a member of the community of nations is branded as a criminal to humanity, a real understanding and reconciliation between the peoples is impossible of realization. . . ."20

The question of war responsibility was again raised by Germany during the pre-Locarno negotiations. A memorandum of September 29, 1924 from the German Government to the States Members of the

<sup>19.</sup> Cf. "La France ouvre ses archives," L'Europe Nouvelle, March 9, 1929.

<sup>20.</sup> Toynbee, A. J., Survey of International Affairs, 1925, Vol. II, p. 12.

League Council concerning the admission of Germany to the League contained a statement to the effect that Germany's declaration to observe her international obligations did not "imply an admission by the German Government of those assertions on which Germany's obligations are based and which lay a moral responsibility upon the German people."21 This was, of course, a reference to Article 231 of the Versailles Treaty. The German note of September 26, 1925 addressed to the various Allied governments, accepting the invitation to the Locarno Conference, was accompanied by an aide-mémoire which, among other things, recalled the declarations of August 29 and September 29, 1924 and reiterated that Germany's entrance into the League of Nations did not imply admission of "war guilt."22

Since Germany's entrance into the League, speeches have been made which have kept

the question before the attention of the public. At the end of the 1926 Assembly, during which the Reich was admitted. Foreign Minister Stresemann startled Geneva and the press of the world by a speech to a group of students in which he interpreted Germany's unanimous election to the League as an indication that world public opinion no longer held the Reich responsible for beginning the war. On September 18, 1927, moreover, President von Hindenburg made the following statement at the dedication of the Tannenberg War Memorial: "The charge that Germany is guilty of the greatest of all wars, we, the German people, repudiate in all its phases-war was a last resort for us. . . . Germany is ever ready to prove it before impartial judges."

This utterance remains as a fair statement of the German point of view on war responsibility.

## GERMANY LOOKS WESTWARD AND SOUTHEASTWARD

The Treaty of Versailles and the Treaty of St. Germain prohibit the union of Austria and Germany except on condition of the unanimous consent of the Council of the League of Nations. The background of this question has been discussed in a former report on "The Problem of an Austro-German Union."<sup>23</sup>

Since 1925, the Anschluss question—i. e., the proposal for an Austro-German unionhas been increasingly discussed. That it attracted less attention before 1925 was probably due in part to preoccupation with the unfortunate economic situation in both Austria and Germany. The formation in 1925 of the Deutsch-Oesterreiche Arbeitsgemeinschaft and the Deutsch-Oesterreicher Volksbund—organizations devoted to propaganda on behalf of the Anschluss-seems to have given a fresh impetus to the movement. The financial control of the League of Nations was removed from Austria on June 30, 1927 and this may also have served to strengthen the Anschluss movement even more recently.

In Germany there are certain political parties which, theoretically at least, are in favor of the *Anschluss*—notably the Social

Democratic party, the Catholic Center party. the Bavarian People's party, and the Nationalist People's party. Not all of them, however, are enthusiastic, since the addition of a large body of Austrian Catholic and Socialist voters to the German Center and Social Democratic parties would greatly upset the present political balance in the Reichand the Catholics and Socialists are the two most important groups in Austria. Thus the Nationalist People's party may be said perhaps to do only lip service to the idea of Anschluss. That they do so at all is doubtless due in part to the very fact that it is forbidden-a circumstance which increases its desirability.

In Austria, the so-called Pan-German party and the Social Democratic party are pro-Anschluss. The Christian Socialists, for the present at least, are rather noncommittal on the subject, since they realize the serious external complications which the proposed change would involve. Furthermore, the easy-going Austrians dislike their sterner north German cousins and fear that their beloved Vienna would be completely submerged under the domination of Prussian

<sup>21.</sup> For the text of this memorandum cf. League of Nations, Monthly Summary, December 1924, p. 290-291.
22. Toynbee, op. cit., 1925, Vol. II, p. 47.

<sup>23.</sup> Foreign Policy Association, Information Service, Vol. III, No. 20, December 9, 1927.

Berlin. On the other hand, the precarious economic situation of post-war Austria has caused a certain deficiency in the Austrian will to survive as an independent State, especially since *Anschluss* with the Reich appears to be a solution of existing economic difficulties.

In July 1928 the Schubert music festival in Vienna, attended as it was by many thousands of Reich Germans, was made the occasion of a great popular demonstration in favor of Anschluss. Incidents connected with the festival caused a great furor in the French and Czech press, and vigorous protests. On November 12, 1928—the tenth anniversary of the founding of the Austrian Republic—the Deutsch-Oesterreicher Volksbund issued a manifesto which declared in part: "German-Austria is a component part of the German Republic.24 Today, ten years after the twelfth of November and forever after we adhere faithfully to this decision and confirm it with our signatures."25 The declaration was signed by the Austrian ex-Chancellors Ramek (of the Christian Socialist party) and Renner (Socialist), and by the Socialist Mayor Seitz of Vienna and the mayors of other cities, as well as by other representative persons.

Outside of Germany and Austria, official feeling against the Anschluss plan is strong. France and Czechoslovakia are particularly against it. France because it fears that its security would be menaced by an enlarged Germany, and Czechoslovakia because of its geographical position and its large German minority. Italy, too, is against the plan, since it would cause the Italian and German frontiers to be contiguous at the Brenner Pass. The French press and Czech press in particular are filled with news items, editorials and articles on the subject, and in fact one gathers the impression from a comparison of the German and Austrian press with that of France and Czechoslovakia that the latter's interest in the Anschluss proposal is deeper than that of the former.

On December 4, 1928, during a debate in the French Chamber of Deputies on the budget of the Ministry of Foreign Affairs, the Anschluss question was raised by a deputy, M. François Albert. He spoke of the grave menace of the Anschluss, asserting that in Germany almost all the factors of political and psychological action are working for it. In Austria, also, he stated, there were many partisans of Anschluss and even if the question were not raised officially at present, M. Albert was convinced that it would come up sooner or later. His fear was that some day "when Europe is absentminded or occupied elsewhere, Austria might proclaim her adhesion to Germany." 26

M. Briand dealt with the fears of M. Albert in a subsequent speech on the general foreign policy of France and said that he did not regard the arguments as very convincing. Austria could not give up its independence except with the consent of the League Council, and to place a fait accompli before the world would be a grave act. "You often hear invoked," said M. Briand, "the formula of the rights of minorities. If in a given State nine-tenths of the population wanted to commit political suicide by wiping their country off the map, and if there remained only one-tenth who were so strongly attached to their country as to be opposed to its disappearance, I say that this minority would have the right to be respected and the right to have its desire of existing as a nation complied with. It would be an inadmissible and really odious act to impose upon it brutally, by the will of the majority, the disappearance of its country."

#### THE SAAR BASIN

The Saar Basin, a territory of about 700 square miles, with a German population of 650,000, was not detached outright from Germany. Instead, after a heated controversy at the Peace Conference, it was temporarily taken from Germany and turned over to a League of Nations commission which administers the territory. The Saar is rich in coal, and in order to compensate France for the destruction of the mines in the north of France and as part payment on reparation, the Saar mines were placed

<sup>24.</sup> Article 2 of the Austrian Constitution, adopted unanimously by the German-Austrian National Assembly on November 12, 1918.

<sup>25.</sup> Quoted in The European Economic and Political Survey, November 30-December 15, 1928, p. 191.

<sup>26.</sup> European Economic and Political Survey, November 30-December 15, 1928, p. 192-193; Le Temps, December 5 and 6, 1928,

in French hands. In 1935 a plebiscite is to be held to determine whether the people of the Saar wish to be annexed to France, to remain under League administration or to be reunited with Germany. If the last of these alternatives is chosen, Germany will have to repurchase the mines.

For some years after the war, France attempted to dominate the Saar and to pave the way for a plebiscite favorable to itself in 1935. The Germans, meanwhile, believed that the Saar régime was merely disguised annexation and in consequence of the feeling engendered by this situation, the League Council was called upon to settle many disputes over Saar problems. More recently conditions seem to have improved; nevertheless the reunion of the Saar with Germany before 1935 is one of the things much wished for in the Reich.

#### EUPEN AND MALMEDY

The two enclaves of Eupen and Malmedy, situated on the Belgian-German frontier just

south of Aix-la-Chapelle, are another source of irritation. The peace treaty forced Germany to cede these territories to Belgium, subject to demilitarization and to a plebiscite. Germany protested to the League of Nations that the plebiscite was unfairly conducted, but the League Council confirmed the Belgian title to the territory. Observers in the Reich have not ceased to complain about Belgium's treatment of Germans in Eupen and Malmedy, the chief grievance being, it seems, the lack of German-speaking officials in the local courts and the local administration.

During 1926 and 1927 negotiations were carried on between Belgium and Germany looking towards the buying back of Eupen and Malmedy by Germany. The plan seems to have found considerable support in Belgium, but M. Poincaré intervened, apparently on the ground that any alteration of Germany's western frontiers would be a dangerous precedent, and the plan came to nothing.<sup>27</sup>

#### THE GERMAN DEMAND FOR COLONIES

The Treaty of Versailles deprived Germany of all its colonial possessions, the territory thus detached being divided up among the principal Allied powers, who hold most of it under mandate from the League of Nations. In this manner Germany lost 1,027,000 square miles of territory in Africa, in the South Seas and in the Shantung Peninsula in China—areas with a total population of 14,687,000 and an invested capital estimated at 505,000,000 marks. The powers which acquired mandates over former German colonies were Great Britain, Australia, New Zealand, the Union of South Africa, France, Belgium and Japan.

In the Comments by the German Delegation on the Conditions of Peace,<sup>28</sup> the German representatives in Paris in 1919 maintained the thesis that the colonial settlement was in "irreconcilable contradiction" to the fifth of President Wilson's Fourteen Points,

which promised "a free, sincere and absolutely impartial settlement of all colonial aims." The Versailles Treaty, they pointed out, rejected German claims for the retention of colonies "without even giving Germany a chance to put them forward."29 These claims were justified, according to the German view, by (1) the lawful acquisition by Germany of her colonies; (2) economic necessity-i. e., Germany's need of raw materials and markets; (3) Germany's need for territory in which its own surplus population might settle; (4) the right and duty of German people "to cooperate in the joint task which devolves upon civilized mankind . . . of educating the backward races."

When the Allies replied to the German observations, to which reference has just been made, they did so in terms which placed on the Reich the unwelcome stigma of colonial maladministration. They commented on the "cruel method of repression in the German colonial administration, the arbitrary requisition and the various forms of forced labor"

<sup>27.</sup> Cf. Manchester Guardian (Daily), January 29, 1929.

<sup>27</sup>a. Townsend, M. E., "The Contemporary Colonial Movement in Germany," *Political Science Quarterly*, March 1928, p. 64.

<sup>28.</sup> International Conciliation, No. 143, October 1919.

<sup>29.</sup> Ibid., p. 1249.

in the former German colonies, and explained the post-war colonial settlement in the following categorical terms: "Germany's dereliction in the sphere of colonial civilization has been revealed too completely to admit of the Allied and Associated Powers consenting to make a second experiment and of their assuming the responsibility of again abandoning thirteen or fourteen millions of natives to a fate from which the war has delivered them." 30

## THE THEORY OF "COLONIAL GUILT"

As a result of this indictment, which aroused almost as much resentment in Germany as did the war guilt accusation, German colonialists-and many other Germans as well-came to feel that only by the recovery of the colonies could this stain on Germany's national honor be wiped out. "There rests upon the German nation just the same necessity of refuting the ungenerous fiction of 'colonial guilt' as of refuting the charge that it alone must bear the responsibility for the late war," wrote a former colonial administrator who may be regarded as representing a considerable body of public opinion in Germany. "We Germans owe it to ourselves and to our children, we owe it to our position among the nations that these reflections upon our national honor should be refuted before all the world."31

Not only psychological factors but also what have been termed politico-economic factors have motivated German claims for the return of the colonies. Germans desire the refutation of the moral stigma of "colonial guilt," but they also wish to recover the political prestige which the possession of colonies entails, and endorse the claim of imperialists in all countries that imperialism is the solution for the mother country's problems of "marketing surplus goods, investing surplus capital, relieving surplus population, providing raw materials and promoting the welfare of the colored races." German colonial enthusiasts feel that the Reich is at

the mercy of the powers which possess colonies and that this is a limitation which restricts German economic life. Furthermore, they feel that colonies are especially necessary for Germany if it is to fulfill its obligations under the Dawes Plan.<sup>33</sup>

The colonial question has been raised not only unofficially in speeches by well-known Germans but officially by German statesmen. as in September 1926 at the famous Thoiry luncheon of M. Briand and Dr. Stresemann. Moreover, the German Government protested officially, first to the Belgian Government and then to the League Council, when Belgium incorporated Ruanda-Urundi in the Belgian Congo in 1925 for purposes of administration.34 Again, in discussing the question of whether or not to apply for membership in the League, the German Government as one of its conditions decided to ask that Germany be given "in due time" an active share "in the working of the mandates system of the League of Nations."35 While there does not seem to have been any direct acceptance of this condition by the League, in October 1927 a German representative took his seat on the Permanent Mandates Commission of the League of Nations. Baron Kastl, the German member, served for years in the colonial service, mainly in German Southwest Africa. His appointment was described by the German Kolonialgesellschaft, the most important German colonial society, as a "step forward for Germany, certainly, but as no reason for great joy and as still less reason for expectant hopes that Germany would regain her colonies or acquire mandates,"36

However, it should be added that Germany's representation on the Mandates Commission has probably done something towards salving the wound caused by the so-called "colonial lie." Moreover, Germany's entry into the League has entitled German nationals to benefit by the open-door provisions in the Class A and B mandates.

<sup>30. &</sup>quot;Reply of the Allied and Associated Powers to the Observations of the German Delegation on the Conditions of Peace," International Conciliation, No. 144, November 1919, p. 1372.

<sup>31.</sup> Schnee, Dr. Heinrich, German Colonization Past and Future, p. 50.

<sup>32.</sup> Moon, P. T., Imperialism and World Politics, p. 526.

<sup>33.</sup> Cf. p. 140. Also Schacht, Hjalmar, New Colonial Policy, a paper read before the Berlin-Charlottenburg branch of the Deutsche Kolonialgesellschaft, March 24, 1926, p. 7-9.

<sup>34.</sup> Cf. Buell, R. L., The Native Problem in Africa, Vol. II, p. 462-463; also League of Nations, Permanent Mandates Commission, Minutes of the Seventh Session, October 1925, p. 53, ff.; also League of Nations, Monthly Summary, December 1925, p. 320.

<sup>35.</sup> League of Nations, Official Journal, March 1925, p. 326.

<sup>36.</sup> Der Kolonialdeutsche (organ of the Kolonialgesellschaft), September 15, 1927. Quoted in Townsend, op. cit., p. 73.

## THE COLONIAL MOVEMENT

The leaders of the colonial movement in Germany are for the most part members of the Right and Center parties, and the People's party, which is dominated by the industrialists. The Nationalists, the People's party and the Democratic party have incorporated statements in regard to colonies in their party programs. The Nationalist program states: "We strive for revision of the Versailles Treaty, the rebuilding of German unity and the reacquisition of colonies which are necessary for our commercial development."37 The People's party program contains the following declaration: "The German People's party will do everything possible to reacquire colonial territory which is necessary for Germany's commercial requirements."38 The Democratic party program states that "Germany's share in the spiritual uplift of mankind warrants her claim to a part in colonial activity. We fight against the theft of our colonies."39

It should be noted that these statements are very general in character and do not specify how Germany should go about getting its colonies back or whether they should be reannexed outright or held under a League mandate. Neither has the Reich Government issued any official pronunciamento on the subject, although it maintains a distinctly watchful attitude, as evidenced by the Ruanda-Urundi affair to which reference has just been made.

An interesting questionnaire entitled "Shall Germany Engage in Colonial Activity?" (Soll Deutschland Kolonialpolitik treiben?) was sent out in 1927 by the Hamburg Institut für Auswärtige Politik, the results being published in Europäische Gespräche for December 1927. The occasion of this inquiry was the appointment of a German member to the Permanent Mandates

Commission of the League. The questionnaire raised three issues: (1) Germany strive for colonies? (2) Shall it strive for them in the form of mandates? (3) Shall it limit its colonial activity to demanding equal rights with other nations in all colonial territories as well as in mandated territories? The questionnaire was sent to 200 Germans prominent in public life. Only fifty replied. The answers were almost evenly divided between affirmative and negative in regard to entering on any colonial activity. The affirmative answers, for the most part, endorsed the suggestion that mandated territories should be sought after as the best course of procedure which existing circumstances admitted. Many of the replies stressed the point that Germany must be cleared of the so-called "colonial lie" -i. e., of the stigma of maladministration of its former colonies.

## THE SOCIALIST VIEWPOINT

One of the most interesting of the replies was sent by Dr. Hermann Müller, who has since been made Chancellor of the Reich. Dr. Müller expressed the Socialist viewpoint that in spite of the unwarranted "colonial lie," Germany should not strive for colonial possessions, either under mandate or by direct annexation. He based his contention on the fact that German industry at home was greatly in need of capital and that colonial activity would intensify the money stringency. He expressed himself as favoring the open door in the mandated territories but stated that Germany's real task on the Mandates Commission was to watch over the welfare of the native peoples. The significance of Dr. Müller's statement lies in the fact that it represents a very considerable section of public opinion which does not endorse the claims made by the leaders of the German colonial movement.

#### **GERMANY'S EASTERN FRONTIERS**

The peace settlement has left Germany in a state of dissatisfaction with respect to three regions along its Eastern frontier—viz., East Prussia, Danzig, the so-called

"Polish Corridor" and Upper Silesia. By the Versailles Treaty, Poland received territory which had formerly comprised the greater part of the Prussian provinces of Posen and West Prussia, stretching from the boundary of Upper Silesia northward for about 260 miles to the Baltic coast, and in-

<sup>37.</sup> Politischer Almanach, 1925, p. 235-236.

<sup>38.</sup> Ibid., p. 246.

<sup>39.</sup> Ibid., p. 252.

terposing a barrier with an average breadth of 80 miles between East Prussia and the rest of Germany. The total population of this territory was just under 3,000,000, of which a number just under 1,850,000 was reckoned to be Polish. Moreover, the partition of Upper Silesia under the terms of the Versailles Treaty added 500,400 voters to Poland, of whom approximately 218,400 were German.<sup>40</sup>

It had originally been intended by the Allied and Associated Powers that the whole province of Upper Silesia should be ceded to Poland and the original draft of the treaty as presented to the German delegation at Paris made such a provision. But the German delegation protested vigorously against the cession of this territory. And as a result, the Versailles Treaty, as finally drafted, provided for a plebiscite to determine the disposition of this rich industrial area. It is interesting to note that this change in the treaty was the only important one which resulted from German protests.

## UPPER SILESIAN BOUNDARY

The final delimitation of the Upper Silesian boundary in October 1921 by the League Council raised a storm of protest in Germany, which maintained that the result of the plebiscite warranted the Reich's retention of the entire province, especially since the latter formed an economic unit.<sup>42</sup>

The loss of territory in the east has never been accepted as a permanent settlement by the German people. Throughout the entire decade since the conclusion of the treaty this fact has disturbed German-Polish relations and has been an irritant in the general international situation in Europe. The relations between the Free City of Danzig and Poland, also, have been the cause of a number of appeals to the League Council and, while Germany has no sovereign interest in Danzig, the fact that the city is 95 per cent

## MINORITY PROBLEMS IN POLAND

Recently the German minority problem in Poland has once more been brought to the attention of the world by the action of Dr. Stresemann at the Lugano meeting of the League Council. On December 15, in reply to a speech of the Polish Foreign Minister, M. Zaleski, Dr. Stresemann declared that he would ask that the entire minorities question be placed on the agenda of the following meeting of the Council (March 1929) in order to give that difficult subject a thorough airing.

The speech of M. Zaleski to which Dr. Stresemann replied in this manner had been one of fiery denunciation. It was called forth by the action of the Council in considering ten petitions concerning German minority schools in Polish Upper Silesia, presented to it by the Deutscher Volksbund (the minorities office in Upper Silesia). 43 After the Council had acted on the suggestions of its rapporteur, M. Adatci of Japan, M. Zaleski attacked the Volksbund for

German—even according to Polish estimates -has not served to lessen bad feeling between Poland and the Reich. The vexed problems of the free right of settlement for Germans in Poland, the expropriation of German property in Poland and the treatment of the German minority in Poland have agitated both countries, and the League and the Permanent Court of International Justice have been called upon many times to effect settlements of various points at issue. Furthermore, a tariff war between the two countries has been going on since 1925, which prolonged negotiations between competent delegations in Warsaw and Berlin have not yet brought to an end. Trade between the two countries in consequence has suffered greatly and Polish-German political relations have been embittered.

<sup>40.</sup> For a detailed account of the Versailles settlement in regard to Germany's eastern frontiers and a discussion of the problems of Danzig, the "Polish Corridor," East Prussia and Upper Silesia, ct. "German-Polish Relations," F. P. A. Information Service, Vol. III, No. 12, August 17, 1927.

<sup>41.</sup> Cf. "Comments by the German Delegation on the Conditions of Peace," International Conciliation, No. 143, October 1919.

<sup>42.</sup> In the plebiscite 707,605 votes were polled for Germany and 479,359 votes for Poland. Ct. Temperley, History of the Peace Conference, Vol. VI, p. 620.

<sup>43.</sup> The German-Polish Convention relative to Upper Silesia (May 15, 1922) provided in Article 148 that the Polish and German Governments should each establish a minorities office to safeguard the interests of minorities in Upper Silesia. The Deutscher Volkebund is the German minorities office in Polish Upper Silesia established in accordance with the convention. The text of the article is as follows: "Afin d'assurer aux petitions émanant de personnes appartenant à une minorité, qui ont trait à l'interprétation ou à l'application de dispositions de la présente partie, un traitement uniforme et équitable de la part des autorités administratives dans chacune des deux parties du territoire plébiscité, les deux Gouvernements institueront, chacun dans sa partie du territoire plébisotié, un Office des minorités."

"carrying on propaganda against the Polish State . . . [and] endeavoring by illegal methods to win over partisans, even among the Polish inhabitants." The Polish Foreign Minister further accused some of the members of the Volksbund of high treason against Poland. "The minorities treaties," said M. Zaleski, "and the provisions of the Geneva Convention relating to the protection of minorities were established with a view to affording the minorities equitable treatment by the authorities and the free enjoyment of their rights. If, however, these provisions can be used as a legal basis for the activities of a minority association. whose objects are directed against the State. the situation must become absolutely intolerable for the State. The activity conducted methodically and perseveringly by the Volksbund not only seeks to sap the authority of the Polish Government in the territory of Polish Upper Silesia, but is calculated, if tolerated, to become a real danger to peace."44

## THE LEAGUE INVOKED

Before the Council met in March 1929 an incident occurred in Polish Upper Silesia which brought the minority question even more forcibly before public attention. On February 13, 1929, M. Ulitz, the director of the Deutscher Volksbund, was put in jail by the Polish authorities in Kattowitz on a charge of high treason in aiding a young man to escape from Polish military service. M. Ulitz was a deputy in the Polish Upper Silesian Seim and therefore enjoyed Parliamentary immunity as long as the Seim was in session. The Sejm had been suddenly dissolved by decree, however, on the day before the arrest. The Germans charged that dissolution was ordered to make possible the arrest of M. Ulitz. They asserted, furthermore, that the documents on the basis of which he was charged with high treason had been forged by a spy. The Poles claimed, for their part, that the mandate of the Seim had expired and that the arrest of M. Ulitz had had nothing to do with its dissolution.

The Volksbund at once telegraphed a petition to the Secretary-General of the League

The question of League guarantees of existing provisions for protection of minorities in general was also brought up at the March meeting of the Council, in accordance with the announcement Dr. Stresemann had made at the December Council meeting. After a rather lengthy debate the Council appointed a Committee of Three to report on proposals to change the procedure in regard to the protection of minorities. 46

Polish-German relations were not improved, meanwhile, by the publication on January 15, 1929 in the English Review of Reviews of a confidential memorandum to the German Government written by General Groener, German Minister of Defense. This memorandum urged, among other things, the necessity of building German cruisers to protect the Baltic coast against Poland. It envisaged Germany as faced by territorial "robbery" and stated specifically that Poland constituted a danger to Germany. It expressed the view, in fact, that Poland was already preparing a jumping-off place from which to pounce upon German territory. An answer to this memorandum, written by the Polish Foreign Minister, M. Zaleski, was soon afterward published in the Review of Reviews (February 15, 1929). M. Zaleski denied that any Polish government, party or group had harbored aggressive designs against Germany and stated that Poland stood ready to conclude a non-aggression pact with Germany which should guarantee

<sup>(</sup>February 14), asking that the affair be brought to the attention of the Council. It claimed that the arrest was intended as an attack upon the German minority. The Polish Government informed the Council, however, that M. Ulitz had been imprisoned under the penal code on the charge of violating the military laws. It declared that as long as the case was in the hands of the judicial authorities there could be no possibility of intervening in the course of justice. The Council, when it met, took note of this information and expressed the hope that the judicial authorities "would do all in their power to hasten the proceedings." 45

<sup>45.</sup> League of Nations, Council Minutes (54th Session of the Council), Seventh Meeting, p. 7.

<sup>46.</sup> This general question cannot be dealt with in the present report but may be discussed in a subsequent issue of the Information Service.

<sup>44.</sup> League of Nations, Official Journal, January 1929, p. 53.

the territorial integrity of both States.

The question of guaranteeing the Polish-German frontier is one which has long agitated European international relations. It was one of the most vexed problems during the Locarno negotiations in 1925. It will be recalled that while Germany entered into an arbitration treaty with Poland and also with Czechoslovakia, the Locarno guarantee pact in which Germany, Belgium, France, Great Britain and Italy guaranteed "the maintenance of the territorial status quo" applied only to the Rhineland and not to the Polish frontier. 47

The German official view with respect to guaranteeing the permanence of the Eastern frontiers was given by Dr. Stresemann in the *Reichsrat* on March 10, 1925. He stated that Germany had not offered to conclude an eastern guarantee pact. His explanation was as follows:

"Germany has not the power to force through an alteration of her frontiers, nor the desire to do so. Since, however, Article XIX of the Covenant of the League expressly states that treaties which may have become inapplicable can be altered, no one can expect Germany finally to renounce taking peaceful advantage for herself of this opening for future developments."

In a statement to the House of Commons, Sir Austen Chamberlain declared that in extending a guarantee to the Rhineland only, the signatories to the Locarno pact were not licensing or legitimizing war elsewhere. They rather held, he said, that by the mere fact of stabilizing peace in the West an additional guarantee would be given to the frontiers of the East.<sup>48</sup>

Not everyone has shared Sir Austen Chamberlain's optimism, however. Professor Madariaga states, for instance, that in his opinion the failure to guarantee the Eastern frontier "was bound to result in disastrous moral effects. The first was general and diffuse weakening of the Covenant guarantees; the second an encouragement to those who feel that the Eastern European settlement is too precarious." 49

In consequence of Germany's action in ratifying the Locarno pact it may be said that the Reich has decided to regard as irrevocable the cession of Alsace-Lorraine to France. But it is equally plain that although Germany renounced war as an instrument for securing an alteration of its eastern frontiers when it signed compulsory arbitration treaties with Poland and Czechoslovakia at Locarno, it is still very far from having relinquished the hope of securing a peaceful revision of the Eastern frontier. It still relies in this respect upon the possibilities latent in Article XIX of the League Covenant.

<sup>48.</sup> Great Britain, House of Commons Debates, New Series, Vol. 182, col. 316 ff.

<sup>49.</sup> Madariaga, S. de, Disarmament, p. 149.

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## THE LATERAN ACCORD

by

VERA A. MICHELES

with the aid of the Research Staff of the Foreign Policy Association

#### INTRODUCTION

ON February 11, 1929 Church and State, the two parallels which, according to Giolitti's famous maxim, must never meet, found a point of contact in Italy when three important documents—a treaty of reconciliation, a concordat and a financial convention—were signed by the representatives of the Holy See and the Kingdom of Italy in the historic Hall of the Popes in the Lateran Palace. This event marked the settlement of the "Roman question," formerly considered to be as impossible of solution as the squaring of the circle.

According to Mussolini the "Roman question" had been "a thorn in the side of the nation" since 1870. Prior to that date the Pope was both head of an international organization devoted to spiritual ends, the Roman Catholic Church, and ruler of a small temporal State, the Papal States. The territorial possessions of the Holy See, which dated back to the eighth century, had been gradually enlarged until, in the nineteenth century, they included Romagna, the Marches, Umbria and the Patrimony of St. Peter, with Rome as the see of the Pope and · the capital of the Papal States. These territories, however, were annexed one by one between 1860 and 1870 by the new Kingdom of Italy, which had been formed in 1861, with first Turin and then Florence as its capital. Finally, after a brief struggle, the Italian army occupied Rome on September 20, 1870, in defiance of the wishes of the Pope.

On May 13, 1871 the Italian Parliament passed the Law of Papal Guarantees. This law acknowledged the spiritual supremacy of the Pope and made provision for the unimpeded performance of his functions as head of a universal Church. It established a basis for relations between Church and State in Italy, with a view to carrying into effect Cavour's formula, "a free Church in a free State." Finally, it placed 3,225,000,000 lire (about \$622,425,000) per annum at the disposal of the Holy See, as compensation for the territories of which it had been deprived. In 1872 Rome was proclaimed the capital of Italy.

On May 15, 1871 Pope Pius IX, in an encyclical addressed to Catholic bishops, repudiated the Law of Guarantees, a unilateral act of the Italian Government. He refused to recognize the Kingdom of Italy under the dynasty of the House of Savoy, left the annuity unclaimed, and declared himself to be "the prisoner of the Vatican." This negative policy was reaffirmed by his successors, Leo XIII, Pius X, Benedict XV and, until recently, Pius XI.

In this way was created the "Roman question," which is expressly and definitively eliminated by the treaty of reconciliation signed on February 11, 1929. The Holy See now recognizes the Kingdom of Italy under the dynasty of the House of Savoy, with Rome as its capital. Italy, for its part, recognizes the State of the City of the Vatican, constituted by the terms of the treaty. The territory of the new State is declared to be neutral and inviolable. The financial convention provides for payment by the Italian Government of 750,000,000 lire (\$39,472,500) upon exchange of ratifications, and for the transfer at the same time of Italian five

per cent negotiable consolidated bonds to the nominal value of 1,000,000,000 lire (\$52,-630,000). The concordat regulates the relations between Church and State in Italy.

Rivers of ink, said Mussolini, have flowed regarding the "Roman question." Its solution, too, has brought forth innumerable comments, widely varying in their conclusions.

The purpose of this report is to determine the scope of the Lateran accord, and to ascertain the effect which it may be expected to have on the international relations of the Holy See and Italy, and on the relations, within Italy, between Church and State. A study of the organization of the Roman Catholic Church, with special reference to the conduct of foreign affairs, is followed by a brief survey of the international position of the Holy See and of the main aspects of Papal diplomacy. The relations between the Holy See and Italy after 1870 are then examined, with emphasis on the Fascist Government's views concerning the Church, religion and religious instruction. The negotiations which preceded the conclusion of the accord are analyzed in detail. The provisions of both treaty and concordat are summarized, and a comparison established between the Italian concordat and those recently concluded by other States. Finally, an attempt is made to ascertain the results of the accord from the point of view of both the Holy See and Italy.

## THE ROMAN CATHOLIC CHURCH

#### ORGANIZATION

The Roman Catholic Church, an international organization devoted to spiritual ends, is governed in conformity with canon law—"the body of rules and regulations made or adopted by ecclesiastical authority for the government of the Christian organization and its members." According to Catholic doctrine the ultimate source of canon law is God. In practice, the legislative power is exercised by the Pope, either alone or in conjunction with the episcopate assembled in ecumenical, or general councils.

The Pope, in virtue of his position as Bishop of Rome, is the supreme governor of the Church, the vicar of Christ on earth.<sup>4</sup> His position as head of the Church is defined in the Vatican Constitution, *Pastor Aeternus*. He is elected by the College of Cardinals meeting in conclave. Generally speaking, any male Christian who has "reached the use of reason" may be elected Pope. In practice, since the sixteenth century, the office has always been held by an Italian, and frequently by a Roman. The present Pope, Pius XI, was born in Milan, and was elected on February 6, 1922 as successor to Benedict XV.

The Pope exercises what may be described as the ordinance power, by issuing bulls, decretals, encyclicals, letters, etc. on specific subjects. These documents, as well as the decrees of the Sacred Congregations, are published officially in the Acta Apostolicae Sedis,<sup>5</sup> and have the force of law. Ex cathedra pronouncements of the Pope made by him regarding "a doctrine touching faith or morals to be held by the Universal Church" are accorded the attribute of infallibility.<sup>6</sup>

<sup>1.</sup> Among the many articles which have been published on this subject, the following may be mentioned as of particular interest: "L'Ora di Dio," Cévità Catolica, Feb. 18, 1929, p. 293; Abbé X, "L'Accord entre l'Italie et le Vatican," La Revue des Vivonts, Mar, 1929, p. 481; Géraud, André ("Pertinax"), "The Lateran Treaties: A Step in Vatican Policy," Poreign Afgàris, July, 1929, p. 571; Hayes, Carlton J. H., "Italy and the Vatican Agreement," The Commonweal, Mar. 27 and Apr. 3, 1925; Claar, Maximilian, "Die Lösung der Romanischen Frage nach den Lateranverträgen," Europäische Gespräche, Mar, 1929, p. 105; Coppola, Francesco, "La Croce e l'Aquille, "Politica, Feb.-Apr., 1929, p. 35; Korovin, E., "Vatikan kak Paktor Sovremennoi Meshdunarodnoi Politiki" (The Vatican as a Factor in Contemporary International Politics), Meshdunarodnoia Ediném (International Life, Feb., 1929, p. 44; Fernot, Maurice, a series of articles in Journal des Débats, Feb., June, 1929; Volpe, Giocchino, "Il Patto di S. Giovanni in Lateran accord in a series of interesting dispatches. The

Catholic Encyclopedia, New York, Appleton, 1907-1922 (15 vols.), Vol. IX, p. 56. At the present time canon law is embodied in a code, Codex Juris Canonici, work on which was begun in 1904; it was completed in 1917 and came into force on May 19, 1918. Cf. bull of Benedict XV, May 27, 1917, Providentissima Mater Ecclesia.

<sup>3.</sup> The ecclesiastical organization of the Church comprises 14 Patriarchates, 8 of the Latin Rite and 8 of the Oriental Rite; 240 Archbishoprics; 838 Bishoprics, 33 Abbacies and Prelatures Nullius Diocescos; 210 Vicariates Apostolic; 73 Prefectures Nullius Diocescos; 210 Vicariates Apostolic; 73 Prefectures and Present Present 134 Titular Seen, architectures and and episcopal, the former being occupied principally by Nuncios, Internuncios and Apostolic Delegates, the latter by Vicars Apostolic and by Bishops Coadjutors and Auxiliary.

Cf. Annuario Pontificio, 1929, Rome, Tipografia Poligiotta Valicana, 1929; Ayrhinac, H. A., Constitution of the Church in the New Code of Canon Law, New York, Bensiger, 1925; Catholic Encyclopedia, cited; "The Holy See," Europa, 1929, London, Europa Fublications, Ltd., 1929, p. 66.

Prior to 1909 this official gazette of the Holy See was entitled Acta Sanctae Sedis; it is published by the Tipografia Poliglotta Vaticana in Rome.

<sup>6.</sup> Vatican Constitution, Pastor Acternus (The Eternal Shepherd), promulgated at the Vatican Council, July 18, 1870.

Œcumenical councils are summoned by the Pope from time to time.<sup>7</sup> The bishops who attend it vote individually, not by "nations." The findings of the councils are binding on the Church only when promulgated by the Pope in the form of decrees—Acta Conciliorum. Decrees dealing with dogma, faith and morals are also accorded the attribute of infallibility.

The cardinals are appointed by the Pope. the appointments being announced in secret consistory.8 According to the demands of the reform councils (Constance, 1414-1418 and Basle, 1431-1433) and the decrees of the Council of Trent (1545-1563), there should be representatives of all Christian nations in the College of Cardinals. The total number of cardinals was fixed at 70 in 1586. At present, out of 63 cardinals 34 are Italians, the rest being distributed as follows: France 6: Spain 5: the United States of America 4:9 Germany 4: the British Empire 2 (England 1, Canada 1); Austria 2; Poland 2; Brazil, Portugal, Holland, Hungary and Czechoslovakia one each.

The cardinals are divided into three orders which have no hierarchical significance: (a) 6 cardinal bishops; (b) 50 cardinal priests, usually archbishops; and (c) 9 cardinal deacons, usually priests. Every cardinal is a member of the Roman clergy—either a bishop of a suburban diocese, a priest of a parish in Rome or a deacon of the Roman diocese. The cardinals form a corporation, the College of Cardinals, of which the first cardinal bishop is Dean. The present incumbent of this office is Cardinal Vincenzo Vanutelli, Bishop of Palestrina and of Ostia.

Cardinals are expected to live in Rome. Non-Italian cardinals, however, with few exceptions, reside in their dioceses. The cardinals residing in Rome are known as cardinals in Curia (at court). They are engaged in various administrative functions. The fact that foreign cardinals are not required to live in Rome results in a large preponderance of Italians in the administration of the

Church. Out of thirty-three cardinals in the Roman Curia, twenty-eight are Italian and six non-Italian.

In the performance of his functions as head of the Church, the Pope is assisted by a number of departments or ministries known collectively as the Roman Curia. These departments fall into three main groups: (1) the Sacred Roman Congregations; (2) the Tribunals; (3) the Offices of the Curia. The work of the tribunals, which is largely concerned with matters of ecclesiastical discipline, falls outside the scope of this study.

## ECCLESIASTICAL ADMINISTRATION

The affairs of the Church, in their ecclesiastical aspect, are administered by twelve Sacred Congregations. Each of the congregations is headed either by the Pope as prefect, or by a cardinal prefect appointed by him. The prefect is assisted by a secretary or assessor; together they form the Congresso-a committee for the adjustment of less important matters. In each congregation there are two groups of officials: (1) cardinals, selected by the Pope and named by a letter of the cardinal Secretary of State: (2) minor officers, chosen on the basis of competitive examinations and named by a letter of the cardinal prefect. In each congregation the decisions emanate from the cardinals.

Of the several congregations, four are of importance from the point of view of international relations:

(1) The Sacred Congregation of Propaganda (De Propaganda Fide). It is entrusted with the regulation of ecclesiastical affairs in "missionary countries"—countries that have as yet no regular hierarchy—viz., Africa, Albania, Australasia, China, the East Indies, "Greece, Indo-China and Japan (including Korea and Formosa). The congregation determines the ecclesiastical rank of each mission (prefecture, vicariate, or diocese), assigning to it a superior according

<sup>7.</sup> Twenty œcumenical councils have been held in the history of the Church, the last one being the Vatican Council of 1870, suspended as a result of the occupation of Rome by the Italian army. It is reported that a council may be summoned for 1930 or 1931.

<sup>8.</sup> Assembly of cardinals at the Papal Court.

<sup>9.</sup> Cardinal Dougherty, Archbishop of Philadelphia; Cardinal Hayes, Archbishop of New York; Cardinal Mundelein, Archbishop of Chicago; and Cardinal O'Connell, Archbishop of Boston.

There are three tribunals; the Apostolic Penitentiary, the Supreme Tribunal of the Segnatura and the Sacred Roman Rota.

<sup>11.</sup> The Apostolic Delegation to the East Indies, in so far as the dioceses under Portuguese patronage are concerned, is under the jurisdiction of the Sacred Congregation for Extraordinary Ecclesiastical Affairs. (Cf. p. 160.)

to its rank. It also undertakes the duty of supplying missionaries wherever their services are needed and supervises institutions for the training of Catholic missionaries.

- (2) The Sacred Consistorial Congregation. This congregation has jurisdiction over ecclesiastical affairs in countries not subject to the Congregation of Propaganda. These include European countries, Canada and Newfoundland, Cuba and Porto Rico, Mexico and the United States. The Pope acts as prefect for this congregation. The cardinal Secretary of State is an ex officio member, and the Secretary of the Congregation of Extraordinary Ecclesiastical Affairs acts as one of the counsellors.
- (3) The Sacred Congregation for the Oriental Church (Per la Chiesa Orientale), established on December 1, 1917, has jurisdiction over Egypt, Arabia, Eritrea and Abyssinia; Mesopotamia, Kurdistan and Asia Minor; Constantinople; Persia and Syria. This congregation has the Pope for prefect. It has charge of affairs of whatever kind that pertain to persons, discipline or rites of the Oriental Church, even those of a mixed nature which affect a Latin by reason of the matter or the person involved.

In countries under the jurisdiction of each one of these three congregations the Holy See is represented by Apostolic Delegates, who do not enter into communication with the civil authorities but merely report on the affairs of the Church within their respective territories. Each Apostolic Delegate is assisted by an auditor. 14

(4) The Sacred Congregation of Extraordinary Ecclesiastical Affairs. This congregation has the cardinal Secretary of State for prefect. It examines matters submitted to it by the Pope, most important of which are the negotiation and conclusion of concordats.

Concordats are "agreements between the Holy See and the governments of states, the inhabitants of which are either wholly or in

12. A special commission on Russia was established in 1926.

part Catholic, not on questions of faith or dogma but on matters of ecclesiastical discipline, such as the organization of the clergy, the boundaries of the dioceses, the nominations of bishops and parish priests." Concordats are concluded with civil governments, not with ecclesiastical authorities, and non-Catholic governments may be parties to them.

A concordat is negotiated, concluded and ratified in a manner similar to that employed for international agreements.16 however, differ as to the nature of a concordat. Viewed as a concession of certain privileges by the State to the Church it may be regarded as constitutional law; viewed as a concession by the Church to the secular State, it may be regarded as an exception to the general rules of canon law. The subject matter of the concordat lies within the sphere of both constitutional and canon law. but generally not within that of international law. While, then, a concordat is similar to an international agreement in form, it is regarded by the majority of text-writers as a public act of the State which enters into it.17

There is no consensus of opinion as to the method in which a concordat may be terminated. Both Church and State have held at various times that it could be abrogated by unilateral action. The French concordat of 1801 was abrogated (outside of Alsace-Lorraine) by the law of 1905 on the separation of Church and State, without prior consultation with the Holy See; several other con-

<sup>13.</sup> The Holy See is represented by Nunclos in those countries under the Sacred Consistorial Congregation with which it has diplomatic relations.

<sup>14.</sup> Mgr. Pietro Fumasoni-Biondi has been Apostolic Delegate to the United States since 1922, with headquarters in Washington; the auditor is Mgr. Paolo Marella.

<sup>15.</sup> Higgins, A. Pearce, "The Papacy in International Law,"
Studies in International Law and Relations, Cambridge, University Press, 1928, p. 62. Cf. also Sierbaum, Max. Das Direction of the State of t

<sup>16.</sup> The Lithuanian concordat was registered with the League of Nations on June 16, 1923. League of Nations, Treaty Series, Vol. XVII (1923), p. 366.

<sup>17.</sup> Fauchille, Paul. Traité de Droit International Public. Paris, Rousseau, 1922-1926, 2 vols., Vol. I, p. 439-446; Bierbaum, op. cit.

cordats have been considered invalid on the ground that they were found to conflict with subsequent legislation. The Holy See now appears to be of the opinion that a concordat, a bilateral agreement, is binding on both parties, and cannot be terminated unilaterally. 18 Several concordats, among them those with Bayaria (1924) and Italy (1929), provide that, should any difficulty arise in the future with regard to their interpretation, the contracting parties shall "proceed together to an amicable solution." The procedure to be followed in such an eventuality is not defined; it may be doubted, however, that it would go farther than mutual representations through ordinary diplomatic channels.

The majority of text-writers agree that the clause rebus sic stantibus, according to which international agreements may lapse as a result of a fundamental change in circumstances, applies with particular force to concordats. It is claimed that relations established with a government tolerant of, if not friendly to, the Catholic Church, might appear intolerable to the Holy See when that government is replaced by one holding anticlerical or atheistic views.

#### ADMINISTRATION OF FOREIGN AFFAIRS

The administration of the affairs of the Church in their political aspect is entrusted to the Secretariate of State, one of the five offices of the Curia, which is headed by the cardinal Secretary of State (an office at present held by Cardinal Pietro Gasparri). It is divided into three sections:

- The Section on Extraordinary Affairs, whose work is closely connected with that of the Sacred Congregation of Extraordinary Ecclesiastical Affairs. Mgr. Francesco Borgongini Duca was, until recently, secretary of both these bodies.
- (2) The Section on Ordinary Affairs, which regulates the relations of the Holy See with secular States, whether through Apostolic Legates, Nuncios and Internuncios or through Ambassadors accredited to the Holy See.
- The section on Apostolic Briefs to (3)Princes, which is administered by a chan-

cellor.

usually The Apostolic Legates are cardinals charged by the Holy See with some particularly solemn or important political mission. Nuncios and Internuncios are accredited to governments with which the Holy See maintains diplomatic relations and fulfill two functions: they foster friendly relations between the Holy See and the governments to which they are accredited, and they report to the Pope on the affairs of the Church within their respective territories. In the performance of their duties they enjoy the same privileges and immunities as those which are accorded to the diplomatic representatives of secular States. versely, it would appear that they are similarly precluded from committing acts outside the sphere of their duties, such as interference in the internal affairs of States.19 In accordance with the rules adopted at the Congress of Vienna in 1815, a Nuncio or Internuncio acts as dean of the diplomatic corps.

At the present time the Holy See is represented by Nuncios or Internuncios in the following States: Argentina, Austria, Bavaria, Belgium, Bolivia, Brazil, Chile, Colombia, Czechoslovakia, Central America Rica, Honduras, Nicaragua, Panama and Salvador), France, Germany, Hungary, Jugoslavia, Latvia, Liberia, Lithuania, Luxemburg, the Netherlands, Peru, Poland, Portugal, Prussia, Rumania, Spain, Switzerland and Venezuela.20 It will be noted that the Holy See maintains diplomatic relations with a number of States with which it has no concordats.

Of the States which receive Papal agents only Honduras, Luxemburg, the Netherlands, Panama, Paraguay and Switzerland are not represented at the Vatican. Great Britain, Monaco and San Marino receive no Papal agents, but send envoys to the Vatican. During the period 1848-1868 the United

<sup>19.</sup> In 1894 the French Minister of Foreign Affairs held that Mgr. Ferrata, Papal Nuncio in Paris, had exceeded his powers by addressing himself directly to the members of the French episcopate with regard to legislation which had been passed by the Chamber of Deputies; in 1895 the President of the Council of Ministers of Hungary stated that Mgr. Ag-liardi, Papal Nuncio in Vienna, had exceeded his powers by making public addresses in which he had criticized the policy of the government in the matter of civil marriage.

On June 7 Mgr. Borgongini Duca was appointed Nuncio to Italy, and on June 8 Senator de Vecchi was appointed Mulicio Italy, and on June 8 Senator de Vecchi was appointed Italian Ambassador to the Vatican. The Holy See expects to send a Nuncio to the Irish Free State, which has named Mr. Charles Eewley to represent it at the Vatican. New York Times, May 26 and June 9, 1929.

<sup>18.</sup> Cf. Encyclical of Pius X, Feb. 11, 1906, Vehementer.

States was represented by a Minister at the Vatican. His functions, however, were "the cultivation of the most friendly civil relations with the Papal Government," and "the extension of the commerce between the two countries." He was instructed to "avoid even the appearance of interfering in eccle-

siastical questions, whether these relate to the United States or to any other portion of the world."<sup>21</sup> After 1868 the representation of the United States at the Vatican was discontinued. The Department of State recently declared that the question of American representation at the Vatican had not arisen.

## THE INTERNATIONAL POSITION OF THE HOLY SEE

The term "Holy See" has always been used to describe the central organization of the Roman Catholic Church, "a moral person by divine right." Prior to 1870 the spiritual influence of the Pope far surpassed his temporal power. Secular States treated the Holy See with a deference seldom accorded to a State territorially insignificant. De facto, if not de jure, the Pope's real power derived from his position as head of a universal Church.

The Law of Guarantees acknowledged the spiritual supremacy of the Pope, but made no reference to the temporal power of which he had been deprived. It provided for the unimpeded performance of the Pope's spiritual mission. The relations of the Pope with secular States, Italy excepted, remained essentially unchanged.

The loss of territory undergone by the Holy See, however, raised the question of its status in international law. Could it still be juridically defined as a State, subject to the rights and obligations prescribed by international law? If not, what was its exact position in the international community?

The majority of text-writers agreed that, after 1870, the Holy See could no longer be classified as a State, regardless of the fact that it exercised the right of legation and entered into agreements with secular States. They differed, however, as to the proper juridical definition of the Holy See, some claiming that the Pope could be regarded as a "natural" person in international law, and others that the Papacy, viewed as an institution, had the characteristics of an "artificial" international person.<sup>23</sup> The truth of

the matter was that the Holy See defied classification, and was adequately described by Geffcken as "a unique phenomenon in history."

The question of whether, after 1870, the Holy See was in a position to participate in international conferences was answered by secular States in the negative, largely owing to the influence of Italy. In 1899 the Holy See was denied representation at the Hague Conference. It was barred from the Peace Conference in 1919, and has taken no direct part in the work of the League of Nations. Nevertheless, the Popes as individuals have not remained indifferent to international controversies: in 1885 Leo XIII acted as mediator between Germany and Spain in the affair of the Caroline Islands; in 1909-1910 Pius X arbitrated boundary disputes between Brazil and Peru, and between Brazil and Bolivia; during the World War Benedict XV issued appeals for peace on several occasions, and in 1917 he offered to act as mediator between the belligerents.24

# INTERNATIONAL GUARANTEES

No attempt was made by secular States in 1870 to offer to the Holy See the protection it desired or, subsequently, to guarantee its international position. The Italian Government would have viewed the offer of international guarantees and their acceptance by the Holy See as intolerable. On June 28, 1915 the Holy See dispelled all fears of an appeal to international intervention by declaring, through Cardinal Gasparri, that it

<sup>21.</sup> Mr. Buchanan, Secretary of State, to Mr. Martin, Apr. 5, 1848. Moore, International Law Dipest, Vol. I, p. 130. 22. Brown, B. F., The Canonical Juristic Personality with Special Reference to Its Status in the United States of America, Washington, The Catholic University of America, 1927, p. 24.

<sup>23.</sup> Fauchille, op. cit., Part I, p. 747 ff.; Higgins, op. cit.

<sup>24.</sup> For a detailed discussion of this subject cf. Brière, Yves de la, L'Organisation Internationale du Monde Contemporain et la Papauté Souveraine, Paris, Editions Spès, 1924; Pernot, Maurice, Le Saint-Nege, l'Eglise Catholique et la Politique Mondiale, Paris, Armand Colin, 1924. On December 19, 1928, Flus XI addressed identical telegrams to the governments of Bolivia and Parasuay, exhorting them to adopt pacacim methods for the settlement of their boundary dispute. Cf. L'Europe Nouvelle, Mar. 22, 1923, p. 390.

looked for the systematization of its position in Italy not to foreign arms, but to the sense of justice of the Italian people. In June 1919, during the Peace Conference, conversations were arranged in Paris between Mgr. Cerretti, representing the Holy See, and M. Orlando, the Italian Prime Minister, through the mediation of Mgr. Kelley, an American prelate. The bases of an agreement were laid down: a measure of temporal power was to be restored to the Holy See; its international position was to be guaranteed by Italy and other States through the agency of the League of Nations, which was then being formed. These negotiations, however, were abandoned with the resignation of M. Orlando on June 19.25

It may be seen from the above analysis that the Roman Catholic Church, even when bereft of temporal power, continued to function freely as an international organization devoted to spiritual ends, and, in addition, maintained political relations with a number of secular States. The guiding motive of Papal diplomacy has been the preservation and promotion of the interests of the Church by all means at the disposal of the Holy See. For this purpose, amicable relations have been established with religiously "neutral" and even with anticlerical governments whenever it has been found that the interests of the Church could be thereby ad-

vanced. As a result of the situation created by the "Roman question," however, Italy, a stronghold of Catholicism, remained outside the orbit of Papal diplomacy.

The absence of official relations between the Holy See and Italy was disadvantageous for both in the field of international affairs.26 The Holy See could no longer hope to alter the position in which it had been placed as a result of the events of 1870; this position, however, it was anxious to regularize by a bilateral act, in contrast to the unilateral Law of Guarantees. A treaty with Italy was expected not only to convert a de facto situation into a de jure one, but also to put an end to the prevailing uncertainty regarding the international status of the Holy See. Italy, for her part, stood to gain by reconciliation with the Holy See, "the mightiest Catholic organization in the world." prestige in Catholic States might thereby be increased, and she might acquire a degree of influence in the affairs of the Church. A detailed examination of the treaty of reconciliation can alone reveal whether both parties obtained the advantages they sought to secure in the international sphere by the settlement of the "Roman question." Before passing to the terms of the treaty, however, it is necessary briefly to review the relations of Church and State in Italy between 1870 and 1929.

#### THE HOLY SEE AND ITALY

## THE LAW OF GUARANTEES

The Law of Guarantees in 1870 attempted to create "a free Church in a free State." It provided for the regulation of relations between Church and State in such matters as the nomination of bishops, appointments to benefices, and the publication and execution of the acts of ecclesiastical authorities. By subsequent legislation the Italian Government made civil marriage obligatory, abolished religious ceremonial in the administration of oaths, and conferred upon the family the right of election in the matter of religious instruction for children in the elementary schools.

These and other acts of the Italian Government were viewed by the Church as an infringement upon its rights and privileges; they were officially criticized and denounced by the Holy See. Thus the legal position of the Church in Italy remained anomalous. In practice, however, save for occasional clashes, its relations with the State became gradually less bitter. The Italian clergy adapted themselves to the fait accompli, and found many points of contact with Catholic Liberals. Finally, the non expedit, by which the Church had advised Catholics in 1867 to abstain from political activities, was permitted in 1919 to lapse; Catholics were again free to exercise their rights and duties as

<sup>25.</sup> Mussolini, Benito, Address before the Chamber of Deputies, May 13, 1929, Corriere della Sera, May 14, 1929; Orlando, Vittorio E., "The First Agreement between Italy and the Holy See," The Saturday Evening Post, May 4, 1929.

<sup>26.</sup> For a discussion of the "Roman question" as viewed by Church and State within Italy cf. The Holy See and Italy, p. 165.

citizens by taking part in the elections and running for political offices. In that same year a political party with a democratic program "inspired by Christian ethics" was formed by a priest, Don Luigi Sturzo, under the name of the Popular party.<sup>27</sup>

#### FASCISM AND THE CHURCH

The advent to power in 1922 of the Fascist party, largely composed of former Socialists and Liberals, appeared to presage an active anticlerical policy in Italy. The Fascist Government, however, promised its protection to the Church and the Catholic religion; the Church, for its part, viewed with favor the new government's efforts to put an end to civil strife. When the Popular party, which had at first co-operated with the Fascists, decided to abandon the government, Mussolini received the assistance of the Church in suppressing the party, and in the elections of 1924 the clergy were enjoined by the Church to maintain strict neutrality.28 Rumors of a reconciliation between Church and State filled the Italian press in 1921, and again in 1926, when the "Roman question" was reviewed by the Popolo d'Italia29 and the Osservatore Romano.30

The Fascist conception of the State does not appear to provide a basis for the coexistence of Church and State. The State, viewed either as a biological unit of which the individual is an integral part, <sup>31</sup> or as an ethical entity (stato etico) embracing all human manifestations, economic, political, spiritual and intellectual, <sup>32</sup> is conceived by Fascists as an all-inclusive organization established for the benefit, not of individuals,

singly or in groups, but for its own ends which, presumably, are prescribed by laws. The all-inclusive State offers an obvious contrast to a universal Church. This contrast did not escape Fascist political theorists. Gentile, for example, has expressed the opinion that the Fascist State and the universal Church are incompatible: the one excludes the other.<sup>33</sup>

Fascist theorists, however, distinguish between the Roman Catholic Church as an organization and the Catholic religion as the national, historical faith of the Italian people. The universality and disciplinary nature of the Catholic religion eminently fit it, in their opinion, to impart to Fascist citizens the religious (or sacred) conception (or sense) of life-one of the essential elements in the moral make-up of the individual.34 The Fascist State has undertaken to give "material and moral greatness to the Italian people";35 as a result, the government takes a profound interest in the religious education of the citizens. In effect, Gentile and his followers vigorously oppose the "neutral" school, in which the morale of the children is undermined by agnosticism and scepticism.36

To avoid this danger, the crucifix was restored to the schools by the Fascist Government, side by side with the portrait of the King—"the two symbols sacred to faith and to national sentiment." The royal decree of October 1, 1923 carried into effect a reform proposed by Gentile: the teaching of the Catholic religion was made obligatory in elementary schools. Article 3 of this decree reads as follows:

"The teaching of the Christian doctrine in accordance with the Catholic faith shall form the basis and aim of elementary education in all its grades.

"Religious instruction shall be given on the days and hours established in accordance with the regulation, by such of the teachers in the schools as are deemed competent for this task or by other persons recommended by the school council and approved by the royal educational

<sup>27.</sup> Sturzo, Luigi, Italy and Fascismo, London, Faber and Gwyer, 1926, p. 19. For an excellent analysis of the period 1870-1915, cf. Croce, Benedetto, La Storia d'Italia dal 1870 al 1915, Bari, Laterza, 1928.

<sup>28.</sup> Schneider, H. W., Making the Fascist State, New York, Oxford University Press, 1928, p. 218-219; Sturzo, op. cit.

<sup>29.</sup> Mussolini's brother, Arnaldo Mussolini, is the editor of this paper.

<sup>30.</sup> The organ of the Holy See, which has been published in Rome. It will now be transferred to Vatican territory, and will become the official organ of the City of the Vatican under the name of Osservatore in Vaticano.

<sup>31.</sup> Corradini, Enrico, La Riforma Politica in Europa, Milan, Mondadori, 1928, p. 89. "Individuals and classes, or individuals syndicates and corporations, and the State, are a biological unity." Corradini is the leading Nationalist writer on political theory.

<sup>12.</sup> Gentile, Giovanni, "Il Problemo Religioso in Italia," Fascismo e Cultura, Milan, Treves, 1928, p. 173 ff. Gentile is the official philosopher of Fascism, and was Minister of Public Instruction, 1922-1924. Cf. Mussolini's speeches, especially "I Compiti della Nuova Italia," Rome, Apr. 7, 1926, when he said: "We control the political forces, we control the the moral forces, we control the economic forces; we are thus fully the corporative Fascist State." (Discorsi del 1926, Milan, Alpes, 1927, p. 120.)

<sup>33.</sup> Gentile, op. cit., p. 175.

<sup>34.</sup> Gentile, Giovanni, "Contro l'Agnosticismo della Scuola," Fascismo e Cultura, p. 27; Giuliano, Balbino, La Politica Scolastica del Governo Nazionale, Milan, Alpes, 1924, p. 97 et. seq.

<sup>35.</sup> Mussolini, Address made in Perugia, Oct. 5, 1926, Discorsi del 1926, Milan, Alpes, 1927, p. 310.

<sup>36.</sup> In this connection, it must be noted that the Fascist Government has actively opposed Masonry.

<sup>37.</sup> Lupi, Dario. La Riforma Gentile e la Nuova Anima della Scuola, Milan, Mondadori, 1924, p. 185-186.

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supervisor. In judging the fitness of teachers or other persons to impart religious instruction, the royal supervisor shall be guided by the opinion of the ecclesiastical authorities.

"Children whose parents wish to provide religious education personally are exempted from religious instruction in the schools."38

A circular of the Ministry of Public Instruction made it clear that children of non-Catholics were exempt from the study of the Catholic religion.39 Religious instruction in schools controlled by the Church was not affected by the reform. The essential feature of this reform was that the State had devised a means of utilizing the kernel of the Catholic religion—discipline and traditionalism-for its own purposes, while avoiding the influence of the Church as an organization.40

#### NEGOTIATIONS PRECEDING THE ACCORD

Successful as the Fascist Government was in carrying out its school reform, it soon found, like its predecessors, that unilateral regularization of the relations between Church and State offered a variety of problems. In 1926, when it attempted to reform ecclesiastical legislation, it encountered determined opposition on the part of the Pope, who declared that no accord could be reached on this subject as long as the condition of the Holy See in Italy remained unchanged. The suppression in 1928 of all institutions having as their object the physical, moral or spiritual education of youth, with the exception of those controlled by the national Balilla—a Fascist organization—elicited vigorous protests from the Pope.

The adjustment of the relations between Church and State appeared as desirable for both parties as reconciliation between the Holy See and Italy. The Fascist State could not view without alarm the "conflict of conscience" with which Italian Catholics were faced as a result of the "Roman question"; nor could it permit so powerful an organization as the Catholic Church to remain indefinitely outside its governmental framework. From the point of view of the Church active participation in the life of post-war Italy appeared both necessary and desirable. The conciliatory attitude of the Fascist Government facilitated the preliminary steps. The "spiritual climate" of Fascism was regarded as favorable to a settlement.

The first exchanges of views regarding the possible bases of an accord took place on August 6, 1926, between Professor Domenico Barone, councillor of State, and Professor Francesco Pacelli, councillor of the Holy See; these were entirely unofficial in character. At that time the Holy See made it a condition that the initiative should come from the Italian Government and that the negotiations should be carried on in absolute secrecy.

On October 4, 1926 Mussolini authorized Barone to continue the conversations in which he was engaged, with the proviso that they were to be strictly confidential, and "neither official nor officious." authorization was received by Pacelli from Cardinal Gasparri in letters dated October 6 and 24. The Holy See set forth its demands: it was to be guaranteed "full liberty and independence, not merely real and effective, but also visible and manifest, with territory in full and exclusive possession. both as to dominion and as to jurisdiction, as befits a true sovereignty, and inviolable in every eventuality." The new political adjustment was to be recognized by other States, at least by European States with which both the Holy See and Italy have diplomatic relations. The political treaty was to be accompanied by a concordat which was to regulate ecclesiastical legislation in Italy. The Italian Government demanded the recognition by the Holy See of Rome as the capital of the Kingdom of Italy under the dynasty of the House of Savoy.

A draft of the treaty was completed on November 24, 1926, when the negotiators turned their attention to the drafting of the concordat. At this stage of the negotiations they received the assistance of Mgr. Francesco Borgongini Duca, Secretary of the Congregation of Extraordinary Ecclesiastical Affairs and of the section on

<sup>38.</sup> Royal decree, Oct. 1, 1923, Ordinamento dei Gradi Sco-lastici e dei Programmi Didattici dell' Instruzione Elementare. Gazetta Ufficiale del Repno d'Italia, Rome, Oct. 24, 1923, Pari I. Anno LXIV, No. 250, p. 6505. Translated in Marraro, H. R., Nationalism in Italian Education, New York, Italian Digest and News Service, 1927, Appendix C. p. 108.

News Service, 1927, Appenux C. p. 100.

39. Gentile, Giovanni, Il Fascismo al Governo della Scuola, Palermo, Sandron, 1924. The curriculum was to include the following subjects: prayers and religious hymns; religious talks; comments on prayers; episodes from the Old and New Testament; lessons on the Pater; the life of Jesus; the Commandments; the history of Catholic religious principles, of religious life and worship; lives of great Italian saints; religious poems. Marraro, op. cit., p. 26.

<sup>40.</sup> Giuliano, op. cit., p. 98.

Extraordinary Affairs of the Secretariate of State. The text of the concordat was completed in February, but was communicated to the parties only in April of that year.

Texts of the treaty, the concordat and the financial convention were ready on August 20, 1928. On September 3 Cardinal Gasparri authorized Professor Pacelli to enter into official negotiations with the Italian Government. It was not until November 8. however, that the territorial status of the Holy See was settled, with the surrender by the Pope of his claims to the Villa Doria Pamphili and territory between the latter and the Vatican. On November 9 Mussolini authorized Barone to proceed officially with the negotiations. On November 22 the King of Italy gave Mussolini full powers, with Barone as his representative, to conduct official negotiations for the solution of the "Roman question," and to sign both treaty and concordat. Similar powers were conferred on Cardinal Gasparri by the Pope on November 25, Professor Pacelli being named the representative.

#### SIGNING OF THE ACCORD

The negotiations were interrupted by the illness of Professor Barone, and his death on January 4, 1929. Mussolini himself took charge of the negotiations on January 8. Alfredo Rocco, the Minister of Justice, and an official from the General Direction of Cults were present at the last sessions. On February 7, 1929 the diplomatic representatives accredited to the Holy See were notified by Cardinal Gasparri of the imminence of the accord. Italian Ambassadors and Ministers, Apostolic Nuncios and Internuncios, were likewise informed, and were in-

structed to notify the governments to which they were accredited. On February 11 the three documents which constitute the Lateran accord were signed by Cardinal Gasparri on behalf of the Holy See and by Mussolini on behalf of the Italian Government. The secrecy of the negotiations was well maintained—a fact ascribed by Mussolini to the magnificent discipline which we have imposed on the Italian people. The Italian press contained no mention of the accord until February 12, although the correspondents of foreign newspapers in Italy had not been prevented from discussing the matter in their dispatches prior to February 11.

On April 30 Mussolini presented the Lateran accord to the new Chamber of Depu-The Minister of Justice subsequently introduced three projects of law, intended to carry the accord into effect: (1) a law regarding the application of the concordat in the sections relating to marriage; (2) a law regarding ecclesiastical organizations and the civil administration of ecclesiastical property; (3) a law regarding the exercise of cults admitted by the State and regarding marriages celebrated before ministers of these cults. On May 12 Mussolini addressed the Chamber of Deputies for three and a half hours on the subject of reconciliation. The accord and the accompanying legislation were passed by the Chamber of Deputies on May 13, and by the Senate on May 25; two dissenting votes were cast in the Chamber and six in the Senate: the views of the Senate minority were expressed by the critic and philosopher, Benedetto Croce. On May 27 the accord was signed by the King of Italy, and on May 30 by the Pope; the exchange of ratifications took place at the Vatican on June 7.

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### THE TREATY OF RECONCILIATION

The purpose of the accord is clearly stated in the preamble to the treaty of reconciliation.

"... The Holy See and Italy have both recognized the desirability of eliminating every cause of disagreement existing between them by coming to a definite understanding of their mutual relations which shall be in accordance with jus-

tice and compatible with the dignity of the two High Contracting Parties and which, by assuring permanently to the Holy See a status of fact and of right that shall guarantee to it absolute independence in the exercise of its mission in the world, allows the said Holy See to acknowl-

<sup>41.</sup> This account is based on the address made by Mussolini before the Chamber of Deputies, May 13, 1929, Corrier della Sera, May 14, 1922 and on the statement made by Prof. Pacelli to Popolo d'Italia, Feb. 12, 1929. The treaty went through twenty drafts. Prof. Pacelli had one hundred and fifty audiences with the Pope.

edge as settled definitely and irrevocably the 'Roman Question' which arose in 1870 with the annexation of Rome to the Kingdom of Italy under the dynasty of the House of Savoy."42

In order to assure "absolute and visible independence to the Holy See" and to guarantee to it "undisputed sovereignty in the field of international relations," the contracting parties deem it necessary to establish the City of the Vatican. By Article 3 of the treaty a territorial unit of forty-four hectares,43 the City of the Vatican, is created, over which the Holy See is to have "full possession and exclusive and absolute power and sovereign jurisdiction." In addition, the Holy See is given possession of the pontifical palace of Castel Gandolfo and of specified basilicas and monasteries. Italy undertakes to furnish the City of the Vatican, at its own expense, with an adequate water supply, with railroad communications, with telephone, telegraph, radio telephone, radio and postal services. By Article 7 all aircraft is prohibited from flying over Vatican territory.

The City of the Vatican is endowed with the rights and obligations of a State. All persons having a fixed residence on its territory will be subject to the sovereignty of the Holy See, and will be considered citizens of the City of the Vatican;44 this citizenship, however, will be lost with the abandonment of permanent domicile. The Holy See is recognized as having the right of active and passive legation according to the rules of international law. Provision is made for the extradition of criminals by the contracting parties.45 It is expected that public order will be maintained by the Swiss Guard and the pontifical police, both of which will be increased in number.46

The "fundamental law," or Constitution, of the State of the City of the Vatican. which came into force on June 10, provides for the exercise by the Pope of the legislative, executive and judicial powers. These powers may be delegated by the Pope to such officials as the Governor of the City of the Vatican and the cardinal Secretary of State: all officials, however, are responsible to the Pope alone. No provision is made for a legislative body. The Pope is empowered to examine and approve the budget, which is to be submitted by the Governor. The legal system of the new State is to be based on canon law, and pontifical constitutions and rules issued by the Pope or persons subject to his authority. Civil cases shall be tried by a special court, which is to be appointed in the near future; appeal may be made to the Supreme Tribunal of the Segnatura and the Sacred Roman Rota. Penal cases shall be tried by a court of one or more judges appointed by the Governor of the City of the Vatican.

The Law of Guarantees, which had been the chief obstacle to reconciliation, is abrogated. "Italy recognizes the sovereignty of the Holy See in the field of international relations as an attribute that pertains to the very nature of the Holy See, in conformity with its tradition and with the demands of its mission in the world." The Holy See, for its part, recognizes the Kingdom of Italy under the dynasty of the House of Savoy, with Rome as the capital of the Italian State.

The Holy See declares that "it wishes to remain and will remain extraneous to all temporal disputes between nations and to international Congresses convoked for the settlement of such disputes unless the contending parties make concordant appeal to its mission of peace; nevertheless it reserves the right in every case to exercise its moral and spiritual power."

## THE RESULTS OF THE TREATY

The first, and perhaps most important, result of the treaty of reconciliation is the elimination of the "Roman question." The act of reconciliation may be regarded as but the consummation of a gradual rapproche-

<sup>42.</sup> The authoritative translation of the texts of the accord published by the National Catholic Welfare Council, Washington, D. C., under the title The Treaty and Concordat, has been used in the preparation of this report. The Treaty and Concordat also contains the original text of the three documents. The treaty, the concordat, the financial convention and the accompanying legislation were published in Gazetta Ufficiale, May 29, 1929.

<sup>43. 108.7</sup> acres.

<sup>44.</sup> It is computed that the City of the Vatican has four hundred citizens, including the cardinals residing in Rome. Corriere della Sera, May 19, 1929.

<sup>45.</sup> This provision is particularly interesting in view of the fact that Italian newspapers have been recently advocating international revision of the present rules regarding the extradition of persons accused of political crimes, on the ground that the sentences meted out by foreign courts to anti-Fascists are altogether too lax. New York Times, May 12, 1929.

<sup>46.</sup> Corriere della Sera, Feb. 20, 1929.

ment between Church and State;<sup>47</sup> it has, nevertheless, the distinct advantage of converting a situation de facto which had been definitive, but always dangerous and painful, into a de jure one.<sup>48</sup>

It would probably have been impolitic for the Pope to have made large territorial claims, unless he could have been certain of the restoration of the Papal States in their entirety—a solution as unacceptable to the Fascist Government as it had been to its predecessors. A degree of territorial sovereignty, however, was desired by the Holy See, in order to avoid interference by or subjection to any one secular State.49 Under these circumstances, Pius XI, according to his own statement, approached the territorial settlement from the point of view of Saint Francis-"only so much body as will suffice to keep the soul together." Some territory was necessary, "because some measure of territorial sovereignty is a condition universally recognized as indispensable for true juridical sovereignty." The Pope now has "only so much material territory as is indispensable for the exercise of a spiritual power confided to men for the benefit of men." In his anxiety to facilitate the reconciliation, the Pope dealt with Italy as with a son, and wished to avoid all appearances of encroaching on Italy's territorial integrity. Moreover, in his opinion, the City of the Vatican, small when measured in inches, is precious when viewed as the repository of works of art and treasures of science.50

To those who would view the establishment of the City of the Vatican as a restoration of the temporal power of the Holy See, Mussolini made the following answer on May 13:

"Thus, gentlemen, we have not resurrected the temporal power of the Popes: we have buried it. We have left it so much territory as will suffice to bury it once and for all. No territory passes to the City of the Vatican which it did not already possess and which no force in the

47. Cf. Coppola, Francesco, "La Croce e l'Aquila." Politica.

world and no revolution would have wrested from it. The tricolor flag is not lowered, because it was never hoisted there!"

He emphasized the fact that the City of the Vatican owes its creation to the will of the Fascist Government:

"No one, no Italian who does not wish it, will become a subject of this State which we have created by spontaneous act of our will as Fascists and as Catholics."

He agreed with the Pope as to the basic significance of the City of the Vatican:

"The City of the Vatican is great by what it is, by what it represents, not because of a square kilometer more or less."

If the Pope could have been criticized by Catholics for accepting too little territory, he might likewise have been criticized for accepting too much money. This criticism he forestalled by saying on February 11 that the financial settlement was a matter of domestic economy. The Church relies on the faithful for its financial support. But "divine Providence does not dispense us from the virtue of prudence nor from the human providence which is in our power." The sum agreed upon, according to the Osservatore Romano, represents a strict minimum.<sup>51</sup>

Guarantees of the new City of the Vatican, according to the Pope, are to be sought in the conscience and sense of justice of the Italian people, but above all in the divine assistance promised to the Church and the Vicar of Christ. Formal rejection by the Pope of international guarantees is eminently satisfactory to Italy. The solution of the "Roman question," said Mussolini on May 13, is Italian, and no other power has participated in it. Italy, he added, constitutes herself trustee of the neutrality and inviolability of the City of the Vatican—a position which is expected to add to her prestige in Catholic countries. 53

The treaty makes no provisions regarding the relations of the Holy See with States other than Italy except such as were already

Feb.-Apr., 1929, p. 35.

48. Mussolini. Address before the First Quinquennial Assembly of the Régime, Mar. 10, 1929. Corriere della Sera, Mar. 12, 1929.

<sup>49.</sup> Cf. Hayes, Carlton J. H., op. cit.

<sup>50.</sup> Address made by the Pope to the Lenten Preachers of Rome, Feb. 11, 1929, Corriere della Sera, Feb. 12, 1929. Cf. also "L'Ora di Dio," Cività Cattolica, Feb. 16, 1929, p. 293.

Cf. also Civiltà Cattolica, Mar. 21, 1929, p. 393, where the financial needs of the City of the Vatican are emphasized.
 Cf. also Osservatore Romano, Feb. 11, 1929.

<sup>53.</sup> On May 10, 1929, M. Fani said in the Chamber of Deputies: "By guaranteeing the pastoral mission of the Church Italy has signified her Catholic preeminence over all other nations, thus adding new prestige and new force to her international life." Corriere della Sero, May 11, 1929.

contained in the Law of Guarantees. Secular States may find it advisable to recognize the new State of the City of the Vatican; such an act, however, would be purely a matter of form, unless recognition should by some State be made the basis for diplomatic representation at the Vatican.

Fears that the Holy See, as a result of its new territorial status, would claim a seat in the League of Nations, have been dispelled by the treaty itself. It is not improbable, however, that the Holy See, while abstaining from the political activities of the League, may participate in its humanitarian work, such as the regulation of traffic in women and children and the abolition of slavery; <sup>54</sup> in such matters the Holy See may be expected to act as an international organization devoted to spiritual ends rather than as a secular State.

# THE FUTURE OF THE CHURCH: ITALIAN OR INTERNATIONAL?

Of interest is the question whether, now that the relations of the Holy See with Italy have been adjusted, an attempt will be made to de-Italianize the administration of the Church, or whether, on the contrary, Italy will now acquire greater influence in the counsels of the Church, and utilize the agencies of this international organization for its own national ends. Mussolini took occasion on May 13 to emphasize the nationality of the present Pope:

"We have had the fortune of having before us a Pontiff truly Italian . . . . He is the head of all the Catholics; his position is supernational. But he was born in Italy, in the land of Lombardy. . . "55

Fascist spokesmen, however, expressly deny that the treaty will involve the "nationalization" of the Church. They claim that the universality of the Church increases in direct ratio to the ties it forms with national States.

"It is clear that the universal policy of the Church will be perfect on the day it will be united with all other States.... The reconciliation [with Italy] is a new step of the Church toward the perfection of her universality..."56

Preferential treatment of Italy in the government of the Church may be expected to encounter opposition from two quarters: from officials of the Church itself, who may consider it impolitic to become dependent on one State more than another, thereby incurring the suspicion of less favored States, and from Catholics outside Italy, who could but view with alarm a tendency towards the Italianization of the Church. The Holy See may find it advisable to dispel suspicion and disarm criticism, especially on the part of France, by avoiding acts which might be viewed as implying favoritism. On the other hand, Catholic States may find it to their interest to counteract a possible increase in Italian influence by strengthening their ties with the Holy See.

An indication of future policy in this matter may be seen in the discussion which has recently taken place with regard to the appointments of Catholic missionaries. mediately after the conclusion of the accord the Italian press carried surveys of the position of Italian missions as compared with those of France. The French press, alarmed by these surveys, claimed in several instances that the elimination of French missions had been the price exacted by Italy in return for reconciliation. This rumor was officially denied by the Osservatore Romano. 57 Nevertheless, the French Chamber of Deputies appears to have heeded the comments of the press<sup>58</sup> and M. Briand's appeal of March 20. when he said: "The whole world shall know that the French Republic shall not permit the decline of those centres of light which are our French missions abroad." On March 27 the Chamber passed bills authorizing nine religious missions to establish headquarters and train their recruits in France. The ques-

<sup>54.</sup> Cf. Giornale d'Italia, Feb. 14, 1929; Le Temps, Mar. 26, 1929.

<sup>65.</sup> Cf. Coppola, cited, who states that the Popes are Italians "because no other nation possesses in such measure as the Italian nation the temperament and universal forma mentic necessary for the Papacy."

<sup>56.</sup> M. Cantalupo in the Chamber of Deputies, May 10, 1929, Corriere della Sera, May 11, 1929. Similar remarks were made in the Senate by Senator Eevione, May 23, 1929, Corriere della Sera, May 24, 1929.

<sup>57.</sup> Le Temps, Feb. 20, 1929; cf. Corrière della Sera, May 2, 1929, "Italiani Missionari."

<sup>58.</sup> Cf. Gentizon, Le Temps, Feb. 24, 1929: "Already the Italian congregations have greeted the Lateran treatles with enthusiasm. Already Fascist political circles make no secret of their expectation that articles 33 to 43 will be rejected at the Palais-Bourbon. In fact, the best collaborators of the Duce are the opponents of support to our missions. And this shows to what an extent our anticlericals play into the hands not only of Fascism, but of a greater Italy." (Translation ours.)

tion of assistance to French missions has always been regarded by the French Government as one of French propaganda.

"Perhaps one has the right to think that the Lateran treaties, by which M. Mussolini grants such large facilities to the congregations of his country, to the profit of the Italian missions, make it incumbent on us to prevent the weakening of French missions." <sup>59</sup>

#### THE CONCORDAT

The treaty of reconciliation, however, does not stand alone. It must be read in conjunction with the concordat, the purpose of which is to settle "the status of religion and of the Church in Italy." The scope of the concordat may be properly determined only after comparison of its provisions with those contained in other recent concordats. These provisions may be examined under the following heads: (1) the position of the Catholic religion in the State; (2) the extent of ecclesiastical jurisdiction; (3) the nomination of bishops; (4) the rights and privileges of the clergy; (5) the creation of ecclesiastical bodies or religious associations; (6) religious marriages; (7) religious instruction; (8) the attitude of the government toward Catholic organizations; (9) the territorial delimitation of dioceses.

#### Position of Catholic Religion in State

By Article 1 of the treaty of reconciliation Italy recognizes and reaffirms the principle set forth in Article 1 of the Italian Constitution, to the effect that the Roman Catholic Apostolic religion is the sole religion of the State. This statement is supplemented by Article 1 of the law regarding the exercise of cults, which declares that cults other than the Roman Catholic religion are "admitted" in the Kingdom of Italy, provided they neither profess principles nor follow rites contrary to public order and morality. In addition, Article 5 of this law provides for freedom in the discussion of religious matters. 61

The concordat itself (Article 1) assures to the Catholic Church free exercise of spiritual powers and free and public exercise of worship. In this it does not differ from the Bavarian, 62 Latvian, 63 Lithuanian 64 and Polish 65 concordats, all of which assure the free exercise of the Catholic religion. The position of the Catholic religion in Italy differs from that which it occupies in States such as France, where the separation of Church and State is effected by law. In France liberty of conscience is prescribed by law, and no provisions are made regarding the exercise of any one religion.

#### Ecclesiastical Jurisdiction

By Article 1 of the Italian concordat the Church is assured jurisdiction in ecclesiastical matters in conformity with the provisions of the concordat. Where it is necessary, the Italian Government accords to ecclesiastics the defense of its authority for acts of their spiritual ministry.<sup>66</sup>

Canon law may still affect the interests of the State in the following matters: the nomination of members of the clergy; the formation of ecclesiastical bodies or religious associations; the administration of ecclesiastical property; and the performance of religious marriages. The relations of Church and State in these matters are determined in each case by the concordat.

Article 29 of the Italian concordat provides for the revision of Italian legislation affecting ecclesiastical matters, in order to make it conformable to the spirit of both treaty and concordat. This revision has already been accomplished by a mixed com-

<sup>59.</sup> Félix de Voguë, "Les Congrégations Missionnaires devant le Parlement," L'Europe Nouvelle, Mar. 30, 1929, p. 419.
60. Under the Constitution of 1848 such cults were only

<sup>61.</sup> According to the last census taken in Italy (1911) the distribution of adherents of various religions was as follows: Catholic, 32,983,664; Protestant, 123,753; Jewish, 34,324; Oriental rites, 1,378; other cults, 822. There were 874,523 who declared that they followed no religion and 653,404 made no statement in the matter. Camera depli Deputati, Relaxione della Commissione Speciale nominata dal Presidente sul Desegno di Legge; Disposizioni sull' Esercizio dei Culti Ammessi nello Stato, etc. Legislatura XXVIII, Sessione 1929, Disegni di Legge e Relazioni, N. 137-A, p. 2.

<sup>62.</sup> Acta Apostolicae Sedis, Vol. XVII (1925), p. 41, Art. 1, Sec. 1.

<sup>63.</sup> Ibid., Vol. XIV (1922), p. 577, Art. 1.

<sup>64.</sup> Ibid., Vol. XIX (1927), p. 425, Art. 1.

<sup>65.</sup> Ibid., Vol. XVII (1925), p. 273, Art. 1. The Polish Constitution (Art. 114) makes the following provision: "The Roman Catholic religion, being the religion of the preponderant majority of the nation, occupies the chief position among enfranchised religions." The Latvian Constitution makes no provision with regard to religion. The Lithuanian Constitution provides for freedom of religious belief and conscience (Section 13).

<sup>66.</sup> Similar guarantees are contained in the Polish concordat (Art. 1 and Art. 4) and the Lithuanian concordat (Art. 1 and Art. 4); in addition, both assure to the Church free administration of its affairs according to "divine laws and canon law." The Bavarian concordat (Art. 1, Sec. 2) recognizes the right of the Church to promulgate, within the limits of its competence, laws and decrees which are binding on its members; the State pledges itself not to interfere with the exercise of this right.

mission on which both the Holy See and Italy were represented; the results are embodied in two laws, one providing for the application of the sections of the concordat relating to marriage, the other providing for the application of sections relating to ecclesiastical organizations and the civil administration of Church property.

# Nomination of Bishops

According to Article 19 of the Italian concordat, the choice of archbishops and bishops belongs to the Holy See. Prior to nomination, however, the Holy See is to communicate the name of the person chosen to the Italian Government, in order to ascertain that the government has no political objections to the candidate.<sup>67</sup> Bishops must speak Italian (Article 22). All bishops, before installation in their respective dioceses, must take the following oath according to the Italian concordat:

"Before God and on the Holy Gospels I swear and promise to respect and cause my clergy to respect the King and Government as they are established under the constitutional laws of the State. I furthermore swear and promise not to participate in any agreement or attend to counsel which would be injurious to the Italian State, or to the public peace, and not to permit my clergy any such participation. Being mindful only of the welfare and interest of the Italian State, I will endeavor to avoid anything which might menace them." 68

This oath is modeled on the one required by the Polish and Lithuanian concordats and, according to Mussolini, gives Italy most-favored-nation treatment. The oath required by the Latvian concordat states only that the bishop pledges himself to respect and cause his clergy to respect the Constitution of Latvia, and to undertake nothing which might endanger public order. In the Bavarian concordat no provision at all is made regarding oaths.

Rights and Privileges of the Clergy

By Articles 3 and 4 of the Italian concordat members of the clergy and of religious orders are exempt from jury duty and from military service, except in case of general mobilization.<sup>69</sup> Stipends and other emoluments enjoyed by ecclesiastics on account of their office are exempt from charges and liens in the same way as the stipends and salaries of State employees.<sup>70</sup>

Article 8 of the Italian concordat provides that when a member of the clergy or of a religious order is brought before a criminal tribunal, the State prosecutor must inform the bishop of the diocese in which he exercises jurisdiction, and must transmit to him the preliminary decision and, if issued, the final sentence. Where possible, in case of sentence, punishment is to be undergone by members of the clergy in places separate from those designated for laymen, unless the bishop has reduced the prisoner to a lay state.<sup>71</sup>

Creation of Ecclesiastical Bodies

By Article 31 of the Italian concordat new ecclesiastical bodies or religious associations are to be created by ecclesiastical authorities in accordance with the rules of canon law; recognition of their juridical status, so far as civil effects are concerned, is to be made by the civil authorities.

Detailed technical provisions for the application of this article are contained in the accompanying law to which reference has already been made.<sup>72</sup>

<sup>67.</sup> Similar provisions are contained in the Bavarian, Latvian, Lithuanian and Poliah concordats, and in the Czechoslovakian modus viewedis (Acta Apostolicae Sedis, Mar. 1, 1928). The last named, in addition, defines "objections of a political nature" as all objections the Government may raise with regard to the security of the State, such as that the candidate has been guilty of irredentist or separatist activity, or of activity directed against the constitution or public order of the State. The provisions of recent concordats are more favorable to the Church in this respect than, for instance, the French concordat of 1501, under which the French Government nominated the bishops, subsequently referring their names to the Holy See.

<sup>68.</sup> Article 15 of the Law of Guarantees provided that the bishops were not required to swear allegiance to the King of Italy.

<sup>68.</sup> The Polish concordat provides for exemption of the clergy from military service except in case of levée en masse, the Lithuanian concordat makes no exception even in such cases, while the exemption contained in the Latvian concordat is unqualified. The Latvian, Lithuanian and Polish concordate exempt members of the clergy from civil functions incompatible with their vocation.

<sup>70.</sup> According to the Polish and Lithuanian concordats, ecclesiastics, their property and the property of juridical ecclesiastical and religious persons are taxable on an equality with that of juridical lay persons; ecclesiastics, however, are exempt from judicial seizure of a part of their income.

<sup>71.</sup> Identical provisions are found in the Latvian, Lithuanian and Polish concordats, which in addition provide that the archbishop or his delegate may be present at the trial.

<sup>72.</sup> The Lithuanian concordat (Art. 10) and the Polish concreta (Art. 10) provide that the creation and modification of ecclesiastical benefices, of congregations and religious orders, also of their houses and establishments, will depend on ecclesiastical authority; the government is to be consulted only when these measures call for expenditures by the State Treasury. According to the Bavarian concordat (Art. 2), religious orders and congregations may be freely founded in conformity with canon law. Juridical personality and the rights of public corporations are acquired by them in accordance with rules in force for all citizens and associations. They are not subject to any special regulation or inspection by the State.

Religious Marriages

Article 34 of the Italian concordat provides that "the Italian State, wishing to reinvest the institution of marriage, which is the basis of the family, with the dignity conformable to the Catholic traditions of its people, recognizes the sacrament of matrimony performed according to canon law as fully effective in civil law." This article, which has aroused considerable discussion, makes religious marriage not obligatory, but simply optional. The law which provides for the application of sections of the concordat relating to marriage determines the technical details of the registration by civil officials of marriages performed by the Catholic clergy. Marriages performed by ministers of other cults approved by the government will likewise be effective in civil law.73 In other words, the situation created in Italy does not differ from that in the United States, where both or either the religious and civil ceremony are legally effective.

The significance of Article 34 from the point of view of the Italian Government was emphasized by Mussolini, when he said on May 13 that marriages would thus be encouraged, with a resulting increase in population—an aim particularly sought by Fascism.

The only recent concordat which contains a similar provision regarding religious marriages is the Lithuanian concordat. In Lithuania, as in Italy, civil effect is accorded to marriages performed both by the Catholic clergy and by ministers of cults recognized by Lithuanian law.

Religious Instruction

By Article 36 of the concordat, Italy reaffirms the principle underlying the Gentile reform, and declares that it "considers the teaching of the Christian doctrine according to the forms received from Catholic tradition as the foundation and crown of public education." It therefore agrees that the religious instruction now given in the elementary schools should likewise be imparted

73. Law regarding the exercise of cults admitted by the State, Art. 7.

in the middle schools, "according to a program to be agreed upon between the Holy See and the State." Such instruction is to be in the hands of masters, professors, priests and members of religious orders approved by ecclesiastical authorities, and in subsidiary form by lay teachers and professors furnished with the necessary certificates by the bishop of the diocese. Parents professing cults other than the Catholic may, however, request that their children be excused from attending courses of religious instruction in the public schools.75 The provisions of the concordat thus apply only to children of Catholic parents.76 Religious instruction in schools founded and maintained by the Church is not affected by the concordat. Mussolini stated on May 13 that he categorically refused the request of the Holy See for the introduction of religious instruction in the universities.

The practical application of Article 36 can alone reveal its full significance. Mussolini has already claimed that the State cannot and will not surrender the education of "the young generations" to the Church.

"In this sphere we are intractable. Education must be ours. These children must be educated in our religious faith, but we must integrate this education, must give to these young people the sense of virility, of power, of conquest; above all we must inspire them with our faith, with our hope."

The Pope answered this statement on May 14 when, addressing the alumni of the College of Mondragone, he said that the Christian education of the young could come only from the Church, "mother and teacher of all Christian life and holiness." The State, he asserted, cannot and must not be indifferent to the education of its citizens; it must, however, supply only such assistance as the individual and the family cannot themselves provide. The State must supplement the action of the family, in order to conform to the desires of the father and the motherin order, above all, to respect the divine right of the Church. The State is called upon to complete the work of the family and

<sup>74.</sup> Art. 15. Art. 16 of the Lithuanian concordat provides that registers of births, baptisms, marriages and deaths may be kept by the clergy and have the same status as civil registers.

<sup>75.</sup> Law regarding the exercise of cults admitted by the State, Art. 6.

<sup>76.</sup> Art. 37 of the concordat provides that the directors of the *Bajilla* and *Avanguardisti* are to arrange their schedules so as to permit fulfilment by the boys of their religious duties on Sundays and fixed religious holidays.

<sup>77.</sup> Address of May 13, 1929. (Translation ours.)

of the Church in the matter of education only because it has exceptional means at its disposal for the needs of all, and it is just that it should utilize these means to the advantage of those from whom it derives them.

"We can never agree, however, to anything that compresses, decreases or denies the rights which nature and God gave the family and the Church in the field of education. On this point we shall not say that we are intractable, for intractability is not a virtue, but we are 'intransigeant,' just as we could not help being intransigeant if asked how much two and two make. . "78

The Pope took this occasion to criticize the professed aims of Fascist education:

"We cannot say that to perform its duty in the field of education it is necessary, opportune or even advisable for the State to raise conquerors and to train youth for conquest. What one particular State does might be done by the whole world. If all States raised their youths to be conquerors, what would happen? Would the State in this way be contributing to general pacification? Unless what was meant was that youth should be trained for conquest of truth and virtue, in which case we are in perfect agreement."

In reply Mussolini, when addressing the Senate on May 25, distinguished between education and instruction. Fascism, he said, does not claim a monopoly of instruction. It leaves the Church free to give religious instruction, but it claims a monopoly of the education or formation of the character of the new generation.79 "On this point," he added, "we are not intractable, since that word is apparently forbidden, but we also are intransigeant." On May 13 he had already stated that religious instruction in the schools would be given, not in the form of catechism, but in the form of historical and moral studies, "because it must be attractive and interesting, otherwise the opposite effect will be achieved." On May 25 he deprecated the Pope's remarks with regard to "training for conquest"; such training, he held, was

made necessary by the present state of the world.80

Position of Catholic Organizations

By Article 43 of the Italian concordat, Italy recognizes the Azione Cattolica Italiana, a Catholic organization "under the immediate direction of the hierarchy of the Church for diffusion and propaganda of Catholic principles," whose activities, according to the Holy See, are "outside all political parties." The Holy See, for its part. renews to all ecclesiastics and members of religious orders in Italy "the prohibition against joining or taking part in any political party." The emergence of a Catholic party, such as the suppressed Popular party. is thus precluded. "We shall not permit." said Mussolini on May 13, "the resurrection of parties or organizations which we have forever destroyed."81

Territorial Delimitation of Dioceses

By Article 16 of the Italian concordat it is agreed that no part of the territory subject to the sovereignty of the Kingdom of Italy will be under the jurisdiction of a bishop whose territory is subject to the sovereignty of another State. This provision is intended to bring ecclesiastical boundaries into conformity with Italy's post-war political boundaries.<sup>82</sup>

<sup>78.</sup> Corriere della Sera, May 16, 1929. (Translation ours.)

<sup>79.</sup> Cf. the speech made by Salvatore di Marzo in the Chamber of Deputies on May 28, 1928 in the course of discussion regarding the budget of the Ministry of Public Instruction. He said that Fascism had arrived at a unitary conception of the school, to which it assigns the task of giving an education directed at the full development of the spiritual values and economic forces of the nation, and of forming, rot merely cultured men or professional men but, first and foremost, Italian citizens. Corriere dello Sero, May 23, 1923.

<sup>80.</sup> According to the Lithuanian concordat (Art. 13) and the Pollsh concordat (Art. 13), religious instruction is obligatory in all public schools, with the exception of institutions of higher learning. The Lithuanian constitution, Art. 81, provides that "religious instruction is obligatory in all schools, exept those schools which are established for the children whose parents do not belong to any religious organization. The pupils are obliged to receive instruction in accordance with the religion to which they belong." In Poland the study of religion is included in the statutory curriculum of public schools and instruction in the principles of their respective religions is obligatory for all pupils.

According to the Bavarian concordat, the Church is guaranteed supervision and direction of religious instruction in elementary and middle schools and in institutions of higher learning (Art. 8). Religious instruction is to remain a regular subject of study in the elementary schools (Art. 7), in the middle schools and in institutions of higher learning (Art. 3, Sec. 3).

<sup>81.</sup> The Latvian concordat provides that the government shall not interfere with the activities of Catholic associations, "which shall have the same rights as other associations recognized by the State" (Art. 13). The Lithuanian concordat provides that the State shall accord full liberty of organization and activity to associations whose aims are chiefly religious and which form part of the Action Catholique (Art. 25).

<sup>82.</sup> The Lithuanian concordat (Art. 9) and the Polish concordat (Art. 9) and the Cxechoslovakian modus vivesud (Art. 1) contain similar provisions regarding the delimitation of dioceses. The Bavarian concordat provides that the actual constitution of ecclesiastical provinces and dioceses shall not be altered, except for slight modifications which may be necessary "in the interest of the care of souls" (Art. 12). This provision has been interpreted by French critics as an effort to prevent any modification, even provisionally, of the diocese of Speyer, part of which is incorporated in the Saar Basin.

A new diocese, the diocese of Zara (in Dalmatia) is to be created by the Holy See. Of interest in this connection is the provision made by Article 2 of the concordat, to the effect that such publications as affect the Holy See may be made in any language; those by bishops are to be made in Italian or Latin, but the ecclesiastical authorities may add translations in other languages.<sup>82</sup>

Two other provisions of the concordat must be emphasized. By Article 11 the State recognizes the holidays established by the Church. Article 28 states that "in order to appease the conscience of those who, under Italian law, own ecclesiastical property, the Holy See grants full recognition to the title of such property."

#### RESULTS OF THE CONCORDAT

The most important result of the concordat, from the point of view of the Holy See, is that the Church has again been brought into direct and official contact with Italian life. This view was expressed by the Pope when he said that by the Lateran accord God had been restored to Italy and Italy had been restored to God.

The Fascist Government, for its part, derives this great advantage from the concordat—that the conflict of conscience which divided Catholics between loyalty to the Holy See and allegiance to the Italian State has now been brought to a close. To use Mussolini's phrase, "the citizen is a Catholic and the Catholic is a citizen." Catholicism has been made an integral part of the State. The State, however, contemplates no deviation from its present policy. "The Fascist State asserts its ethical character; it is Catholic, but it is Fascist, above all exclusively, essentially Fascist." 54

This statement raises anew the question underlined by Fascist anticlericals: Is it possible for the Fascist State to co-exist with the Roman Catholic Church on a basis of equality? Must not the State, by its very

83. Priests in the South Tyrol retain the right of preaching in German, but they are instructed by the Holy See to inculcate in their flocks loyalty and devotion to their fatheriand, Italy. Cf. Le Temps, Feb. 20, 1829.

nature, absorb the Church and utilize it for its own ends? Mussolini's answer is that no such co-existence is contemplated. He defines the position of the Church in Italy as follows: in the State the Church is not sovereign, and not even free; both in its institutions and in its members it is subject to the general laws of the State and to the special clauses of the concordat. Within the Kingdom of Italy the State is sovereign, the Catholic Church has certain privileges loyally and voluntarily recognized, and other cults are freely admitted.

Opponents of the concordat claim that it constitutes a danger for Italy. On May 24 Benedetto Croce, addressing the Senate, voiced the fear that the Lateran accord would lead to the rise in Italy "of a clerical State which extends its hand to the Holy Office and gives validity to the index of prohibited books and resubmits the education of youth to Jesuitical concepts."85 Fascist spokesmen deny the possibility of Italy's "clericalization" as a result of the application of the concordat. The "secure spiritual equilibrium" of the Italian people guarantees it against such an eventuality. Fascism, said Cantalupo in the Chamber of Deputies, has harmonized and blended the most diverse ideals into a "homogeneous whole, into an organic political conception, into a mature consciousness of the nation, into a conception and organization, juridically defined, of the State as an operative force."86

The Fascist Government, as a result of the concordat, has obtained the co-operation of the Church in Italy. That this co-operation may not be purely nominal was indicated by the action of the clergy during the March "plebiscite," when priests and bishops advocated the acceptance of the Fascist list of candidates and went to the polls in large numbers. On the other hand, the Holy See has undertaken to prevent ecclesiastical participation in party politics, thus effectively silencing the one group in Italy which might conceivably have challenged the Fascist monopoly of power.

<sup>84.</sup> Address of May 13, 1929. Cf. remarks made by M. Carapelle in the Chamber of Deputies, May 11, 1929: "Catholics are first of all men belonging to a national society; for this rearon there can be no conflict between faith and patriotism." Corriere della Sera, May 12, 1929.

<sup>85.</sup> New York Times, May 25, 1929. Croce's speech was briefly summarized in Corriere della Sera, May 25, 1929, with the following comment: "The end of the speech, which had been continuously interrupted, was received by the assembly in glacial silence."

<sup>88.</sup> May 10, 1929. Corriere della Sera, May 11, 1929. Similar remarks were made by Senator Bevione in the Senate, May 23, 1929. Corriere delta Sera, May 24, 1929.

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# Anglo-American Naval Understanding

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#### INTRODUCTION

NE of the most striking features of the new administrations in the United States and England is the desire of both to bring about an improvement in Anglo-American relations. The views of President Hoover on this subject first became known at the meeting of the League of Nations Preparatory Commission in April 1929, when Ambassador Gibson, speaking with the full authority of the American President, delivered an address which according to many observers did much to lift the naval disarmament discussions to a more hopeful plane. Mr. Gibson suggested a new method of approaching the problem and declared that the anti-war pact "will advance the cause of disarmament by removing doubts and fears which in the past have constituted our principal obstacle. Any approach to the disarmament problem on purely technical grounds is bound to be inconclusive . . . . So long as the approach to the problem is based upon old fears and old suspicions there is little hope. The lessons of the old strategies must be unlearned."1

In his Memorial Day address at Arlington Cemetery, President Hoover again referred to the anti-war pact, stating that if it "is to fulfill its high purpose, we and other nations must accept its consequences. We must clothe faith and idealism with action. . . . We must reconsider our own naval armament and the armament of the world in the light of their defensive and not their aggressive use. Limitation upward is not now our goal, but actual reduction of existing commitments to lowered levels."

On the same day that President Hoover spoke at Arlington, the British electorate was returning the Labour party to power under the leadership of Ramsay MacDonald. During his election campaign, Mr. MacDonald had stressed the importance of good relations with America. And he had scarcely taken office on June 5 when it was reported that he contemplated making a personal visit to President Hoover in Washington. A few days later, on June 14, General Charles G. Dawes, the new American Ambassador, arrived in London and after presenting his credentials to the King, hurried to Scotland for an interview with Mr. MacDonald. Following their conference on June 16, a joint statement was issued to the press declaring that an "informal and general and most satisfactory" conversation had been had in regard to the present position of naval disarmament. But both Mr. MacDonald and General Dawes "want to make it clear that other naval powers are expected to cooperate" in the forthcoming negotiations.

# POST-WAR NAVAL COMPETITION

Between the destruction of the Invincible Armada in 1588 and the conclusion of the World War the British Empire was mistress of the seas. In the eyes of Englishmen this command of the seas was necessary to protect the widespread dominions of the Empire and to insure the food supply and trade of the people of the British Isles. At the beginning of the twentieth century Germany challenged British naval supremacy, and in the opinion of a number of historians the naval rivalry that ensued be-

<sup>1.</sup> The technical aspects of this address are mentioned on p. 183.

tween Great Britain and Germany was one of the fundamental causes of the World War.2

Aroused by British interference with American commerce and also by the menace of the German submarine, the Congress of the United States enacted a naval appropriation act in 1916 which authorized the construction of ten first-class battleships, six battle cruisers, and a large number of smaller vessels. The avowed policy of the General Board of the American Navy was the creation of a "navy equal to the most powerful maintained" by any other nation in the world.

#### TERMS OF THE WASHINGTON TREATY

An impending rivalry in battleships between the British Empire and the United States was arrested at the Washington Conference on the Limitation of Armament of 1921-1922. This conference was called by the United States, and was attended also by the British Empire, Japan, France and Italy. On February 6, 1922 these five governments signed a Treaty for the Limitation of Naval Armament which was duly ratified and entered into effect on August 21, 1923.3 The treaty provided that between 1923 and 1931, when replacements may begin, the status of the battleships of the five powers shall be as follows:

(	Capital A	Ships	Tons
British Empire	20		558,9504
United States	18		525,850
Japan	10		301,320
France	10		221,170
Italy	10		182,800

For the time being the British Empire was allowed a somewhat larger tonnage and number in capital ships than the United States because a majority of its battleships were of an older type. Seven of the American battleships retained were completed between 1918 and 1923; while all of the British battleships retained were completed before The American battleships retained carry 192 large guns, while the British vessels carry 138.5 The acceptance of these figures involved the scrapping by the British Empire, the United States and Japan of about 40 per cent of their capital ship strength, built and building.6 Altogether 70 ships were scrapped as follows:

#### VESSELS SCRAPPED UNDER WASHINGTON TREATY

	COMPLETED		
		Total	
	No.	Tonnage	
United States	19	289,580	
British Empire	22	447,750	
Japan	12	192,751	
France		***********	
Italy	••••	***********	

Neither France nor Italy was asked to scrap any existing tonnage in capital ships because of the relatively small size of their respective fleets.

Beginning in 1931<sup>6a</sup> replacements may be made so that by 1942 the capital ships of the five naval powers will be as follows:

•	Capital		
	Ships	Tonnage	Ratio
United States	15	525,000	5
British Empire	15	525,000	5
Japan	9	315,000	3
France	57	175,000	1.67
Italy	57	175,000	1.67

Cf. Fay, S. B. The Origins of the World War, Vol. I.

	Total		Total			
No.	Tonnage	No.	Tonnage			
13	552,800	32	842,380			
****	•••••	22	447,750			
4	161.958	16	354.709			

BUILDING

....

A schedule defines in detail how and when replacement shall take place.8

....

TOTAL

.....

The Washington naval treaty also limited total tonnage in aircraft carriers to 135,000 tons each for the United States and the

<sup>3.</sup> U. S. Treaty Series, No. 671.

<sup>4.</sup> Upon the completion of the Rodney and the Nelson, work on which was begun in 1922, the British Government agreed to scrap the Thunderer, King George V, Ajax and Centurion, leaving a total of twenty capital ships.

<sup>5.</sup> The American ships have 24 16-inch guns, 124 14-inch and 44 12-inch guns—a total of 192. The British ships have 18 16-inch guns, 80 15-inch guns, and 40 13.5-inch guns—a total of 138.

<sup>6.</sup> Conference on the Limitation of Armament, Washington, 1921-1922, p. 236.

<sup>6</sup>a. While replacements for the British Empire, the United States and Japan do not take place until 1932; the treaty authorized France to lay down new battleships in 1927 to take the place of the Jean Bart and the Courbet, both of which to lay down two new battleships in 1927 and 1939, to 1841 to lay down two new battleships in 1927 and 1939, to 1841 Neithars over the Michael of the State of t

<sup>7.</sup> Number not fixed.

The treaty also provides that no capital ship shall exceed 5. The treaty also provides that no capital singular excess of sixteen inches and that with certain exceptions no aircraft carrier shall exceed 27,000 tons nor carry a gun with a calibre in excess of eight inches. Arts. V, VI, IX, X.

British Empire, 81,000 tons for Japan and 60,000 tons each for France and Italy.

Finally, the treaty provided that after eight years, or in 1931, "the United States shall arrange for a conference of all the Contracting Powers . . . to consider what changes, if any, in the treaty may be necessary to meet" possible "scientific and technical developments." The treaty remains in force until December 31, 1936, and, in case none of the contracting powers shall have given notice two years before that date of its intention to terminate the treaty, it shall continue in force until the expiration of two years from the date on which a notice of termination shall be given by one of the powers. Within one year of the date on which a notice of termination by any power has taken effect, all the contracting powers shall meet in conference.

#### SHIPS NOT LIMITED AT WASHINGTON

While the Washington Conference limited the number of capital ships and aircraft carriers it failed to limit the number of the lighter and faster auxiliaries-such as cruisers, destroyers and submarines. At the beginning of the conference the United States proposed a total tonnage of cruisers. flotilla leaders and destroyers for the United States and Great Britain of 450,000 tons each, and for Japan of 270,000 tons. In regard to submarines, a figure of 90,000 tons for the United States and also for Great Britain was suggested, and of 54,000 tons for Japan. The size of the French and Italian navies was reserved for later discussion.9

On December 18, 1921 M. Briand informed Mr. Hughes that while the French Government was willing to accept the proposed ratio for capital ships, it could not accept this ratio for light cruisers, torpedo boats and submarines.10 In the discussion on auxiliary craft Great Britain demanded the abolition of the submarine. France, while criticizing its illegal use in the past, defended the submarine and declared that 90,000 tons was the absolute minimum for any navy wishing to have a submarine force.11 This minimum equalled the submarine figure proposed for Great Britain and the United States. Following the French statement, Mr. Balfour declared that "no limitation on auxiliary vessels capable of dealing with submarines could be admitted" by the British Empire. 12 Although in 1929 the British Government accepted the principle of equality in submarines with France.13 in 1922 it was unwilling to do so. apparently because of the strained political relations between the two countries.14 Although cruisers are not generally regarded as an adequate defense against submarines -a task usually turned over to destroyersthe British statement was construed to mean that the conference could not reach an agreement in regard to cruisers.

#### ORIGIN OF THE "TREATY" CRUISER

On December 28, 1921 Mr. Hughes suggested on behalf of the American delegation that if it were not possible to reach an agreement upon the tonnage of auxiliary craft, the tonnage limit of individual cruisers might be defined. He therefore proposed that no ship of war thereafter built, other than a battleship or aircraft carrier, should exceed a displacement of 10,000 tons, nor should any gun be carried by such a ship with a calibre in excess of eight inches. 15 At that time there was no 10,000-ton 8-inch gun cruiser The nearest approach was in existence. four British cruisers of the Hawkins class, laid down during the World War, which had an individual displacement of about 9.850 tons and carried 7.5-inch guns. Mr. Hughes' proposal may have been designed to allow the British to retain these four cruisers.16 This provision in regard to 10,000-ton 8-inch gun cruisers, instead of assisting in cruiser limitation seems to have

<sup>12.</sup> Ibid., p. 576.

<sup>13.</sup> Cf. p. 183.

<sup>14.</sup> Cf. Simonds, F. How Europe Made Peace Without

America. Chap. 13.

A French view of the Washington Conference is that while Great Britain was willing to accept a position of equality with the United States, it was only on condition that her supremacy over France and Italy combined be recognized. While France accepted his contention in capital ships, she declined to accept t in submarines. Rapport, Budget Général de l'Exercice, 1939 (Minisère de la Marine), No. 612, Chambre des Députés, 1928,

<sup>15.</sup> Conference, cited, p. 578.

<sup>16.</sup> This is the belief of Senator Hale. Cong. Record, Jan. 3, 1929, p. 1082. One unverified report states that some British delegates opposed this high limit upon the ground that with the exception of the Hawkins cruisers, all the British cruisers were under 6,000 tons and carried 6-inch guns. The Round Table, March 1928, p. 226.

<sup>9.</sup> Conference, cited, p. 80 ff.

<sup>10.</sup> Ibid., p. 460, 466.

<sup>11.</sup> Ibid., p. 518.

been a fundamental factor in causing renewed competition following the conference.

A British naval writer states, "It is morally certain that but for the stimulus which the Treaty gave to their development, most if not all of the cruisers now under construction would have been vessels of less than 7,500 tons."17

The building of 10,000-ton 8-inch gun cruisers began almost simultaneously in several countries. In 1924 France, Japan and the British Empire all laid down socalled Treaty cruisers.18 A bill authorizing the construction of eight such vessels was introduced in the United States Congress on April 15, 1924 and enacted in December of the same year.19 While two of these cruisers were laid down in 1926,20 the keels of the remaining six were not laid down until after the Geneva Naval Conference in 1927.

#### THE BRITISH CRUISER PROGRAM

To understand the British cruiser situation, it is necessary to remember that in 1914 there were 114 cruisers in the British navy.21 Many of these cruisers became obsolete during the war, and while some replacements were made the British navy had less than half this number, or 56 cruisers, in April 1921. In January 1923 Mr. Amery. First Lord of the Admiralty in the Conservative government, declared that practically all of the light cruisers would become obsolete in the next twelve years. To replace such cruisers, it would be necessary to lay down "in the course of the next ten years a total of some fifty-two cruisers in all-an average, in other words, of five a year." But in order to relieve the country of part of the burden of cruiser replacement before 1931, when battleship replacement under the Washington treaty was to begin, the Conservative party proposed to lay down immediately eight cruisers of the Treaty type.22

Before the work of construction could be begun, the Baldwin government was succeeded by a Labour government under Ramsay MacDonald, and in February 1924 the new government announced that it had decided, "in view of the serious unemployment, to proceed with the laying down of five cruisers. . . ."23 This announcement led to a vigorous debate, in which Prime Minister MacDonald declared that these five cruisers were "purely for replacement purposes."24

On March 18, 1924 the Liberal party moved a resolution stating that the construction of five new cruisers was not justified either on the ground of relieving unemployment or of providing for the naval needs of the Empire, and was calculated to increase competition in armaments.25 In the debate. Captain Benn stated that it was camouflage to talk about replacing an old cruiser that cost £900,000 with a new cruiser costing £2,000,000. Representatives of the government replied that this replacement program was smaller than that of the previous (Conservative) government and that the plan had nothing to do primarily with the question of unemployment.26 The Labour and the Conservative parties combined to defeat the Liberal party resolution by a vote of 304 to 114.

Following the General Elections of November 1924, the Conservative government returned to power, and after some disagreement within the Cabinet and the appointment of a Committee of Inquiry under the Earl of Birkenhead, adopted a definite building program. On July 27, 1925 the government announced a schedule of new construction which called for the laving down of sixteen 8-inch gun cruisers during the next five years (by 1929-1930), nine being 10,000-ton and seven 8,000-ton cruis-The total cost of this program, which included other items, was placed at £58,000,000. Two days later the government introduced supplementary naval estimates to put this program into effect. Ramsay MacDonald immediately moved to reduce the naval vote, declaring that it had not been the intention of the Labour government to lay down five new cruisers every year. In the first year, he said, as a result of pressure from the Admiralty,

<sup>17.</sup> Bywater, H. Navies and Nations (1927), p. 48.

<sup>18.</sup> Fleets (The British Empire and Foreign Countries), Cmd. 3277, p. 11, 15, 17.

<sup>19.</sup> Cong. Record, 1924, Vol. 65, p. 6448. 20. New York Times, December 19, 1926, 2:2.

<sup>21.</sup> Lord Jellico's remarks, Records of the Conference for the Limitation of Naval Armament, Geneva, 1927, p. 29.

<sup>22.</sup> Hurd, Sir Archibald. "Broken Pledges and Lost ruisers." The Nineteenth Century and After, February 1929. Cruisers,"

<sup>23.</sup> House of Commons Debates, February 21, 1924, col. 1973.

<sup>24.</sup> Ibid., Col. 2131.
25. Ibid., March 18, 1924, col. 326.
26. Ibid., col. 393.
27. Navy: Programme of New Construction, 1925, Cmd. 2476.

"... we decided to build these five cruisers instead of the eight that were asked for. We stated at the time that that was not to be taken as anything more than a very hurried, a very improvisional decision, on account of the pressure that was brought to bear upon us, that we had not time to consider what the program ought to be, but that we were not going to allow matters simply to drift, that we did not believe in a policy of disarmament by inaction and neglect, that meantime, holding that position, we would make our inquiries and that next year—that is this year—we would make ourselves responsible for a program which, whatever it was, we should defend upon its merits."28

The Labour opposition declared that laying down this program on the ground that the Empire was building up to a one-power standard would mean "competitive armaments." Referring to the replacement by small cruisers of the 10,000-ton type, Mr. MacDonald added, "My view is that the program is the beginning of new war preparations, and is not merely a replacement program at all. . . . There is no known danger facing us that justifies this program." Mr. MacDonald's motion was defeated by a vote of 267 to 140.

By the beginning of 1927 the British Government had actually laid down thirteen Treaty cruisers, in comparison with four for Japan, three for France, two for Italy and two for the United States.<sup>30</sup>

## THE LEAGUE PREPARATORY COMMISSION

Meanwhile various governments had been attempting, through the League of Nations, to work out a basis for general reduction of armament on land as well as on sea. In September 1925 the League Council had established a Preparatory Commission for a Disarmament Conference, 31 in which the United States participated. This body held three sessions between May 1926 and April 1927. At the meetings of the Preparatory Commission one group, led by Great Britain and the United States, believed that naval limitation could be arrived at independently of land limitation; as far as navies were concerned, it believed that limitation should

28. House of Commons Debates, July 29, 1925, col. 466.

League of Nations, Official Journal, February 1926,
 p. 168.

be made by categories—that is, the number and tonnage of battleships, cruisers (of all kinds), destroyers and submarines should be definitely fixed. A second group, headed by France, contended that naval and land disarmament were interdependent, and that as far as naval disarmament was concerned the principle of global tonnage—that is, the total tonnage for the navy as a wholeshould be followed, but each State should be free within this general limitation to allocate tonnage between different types of vessels as it saw fit. If a State wished to concentrate its tonnage upon cruisers or submarines, it should be allowed to do so.32 The French thesis of global tonnage was defended by M. Paul-Boncour, on the ground that limitation by categories would "stereotype" a navy. The great naval powers, having a supremacy in capital ships, could afford to do this, but the other powers, such as France, must be prepared to take advantage of every change in naval technique. France was opposed also to limitation by category on financial grounds and for reasons of security.33 Italy supported this position.

The British delegation declared that it was necessary to limit numbers, as well as the size of ships and the calibre of guns, and was supported by the United States delegation. Mr. Gibson declared at the third session that the

"... provision allowing each country to be free to distribute and arrange the total tonnage allowed to it, without providing in the agreement for the allocation of such tonnage, contains the germ of eventual competition. Such an application would not lessen international suspicion, uneasiness and mistrust; indeed, it is hard to imagine any system which would tend to create suspicion and mistrust more than secret building programs conceived and laid down under such loose conditions." 34

On April 11, 1927, in an attempt to compromise these differences, the French delegation introduced a modified proposal which provided that tonnage should be divided into four categories: capital ships, aircraft carriers, surface vessels under 10,000 tons, and submarines. But each government, while keeping within the limits of the total

<sup>29.</sup> Ibid., col. 471, 472.

30. Excluding for the British cruiser of 8,400 tons, Records, cited, p. 138, 147, 154. Cf. also Fleets, cited.

<sup>32.</sup> For a summary, cf. "The Disarmament Deadlock," F. P. A. Information Service, Vol. IV, No. 19.

<sup>33.</sup> Minutes of the Third Session of the Preparatory Commission, C. 310, M. 109, 1927, IV, p. 170.

<sup>34.</sup> Ibid., p. 172.

tonnage of these four classes, could alter such division as it deemed necessary for its security, subject to informing the Secretariat of the League of Nations of the changes effected in the division of its total tonnage at least one year before laying down that portion of the tonnage which was to be transferred.<sup>25</sup> It is understood that in informal conversations it was proposed that the transfer of tonnage from one category to another be restricted to a certain percentage of the tonnage of that class.<sup>36</sup>

This proposal was not accepted at the time by the British and American delegations, and the session terminated without definite results having been achieved.<sup>37</sup>

#### THE GENEVA NAVAL CONFERENCE OF 1927

In the belief that limitation of cruisers and other auxiliaries might be achieved separately, without waiting for the general Disarmament Conference, President Coolidge (in February 1927) invited the British Empire, Japan, France and Italy to participate in a five-power naval conference at Geneva. Only the British Empire and Japan accepted the invitation, France and Italy declining for reasons similar to those which led them to oppose the British-American thesis in the Preparatory Commission.<sup>38</sup>

The conference convened in Geneva in June 1927. The delegations of the participating governments were composed of both civilians and naval officers, with the latter predominating. One of the two delegates of the United States was an admiral. In addition there were eight naval advisers to the American delegation. Two of the four delegates of Great Britain were admirals, and the third was the First Lord of the Admiralty. Attached to the delegation were five army and navy officers. Canada and Australia each had a naval officer in their delegations. New Zealand was represented by two British admirals. One of the two Japanese delegates was an admiral, while sixteen naval and military officers were attached to the delegation. Out of a total of sixty-four delegates and advisers, thirtyseven were naval or military officers.39

In his speech before the Pilgrims' Society on June 18, 1929, Ambassador Dawes declared that the reason for the failure of the Geneva Conference, in his opinion, was because the delegates were both civilians and naval officers. He believed that in the future the negotiation of a naval agreement should be placed in the hands of statesmen. Continuing, he said:

"The proper pride of a naval officer's life is his navy. His whole professional career impels him to think of the navy only in terms of victory. He not only instinctively feels, but he is rightly taught the feeling, that he must strive not for equal navies, but for a superior navy.

"It is difficult for him to forget that with a superior navy victory is probable—with an equal navy, doubtful; with an inferior navy, almost hopeless. Other things being equal, I fear no naval officer even inherently favors equality."

The Geneva Conference broke up on August 4 without having arrived at any agreement on the major question of cruiser limitation. In the technical committee provisional agreements were reached on the characteristics and replacement ages of destroyers and submarines, but no total numbers or tonnage figures were submitted to the full conference, and no final agreement was adopted following failure to reach a settlement on cruisers. Here there was a complete deadlock.

# PROPOSALS OF THE THREE GOVERNMENTS

The proposals of the three governments were briefly as follows:40

The American delegation presented the view that, within total tonnage limitations, which they initially suggested should be between 250,000 and 300,000 tons in the cruiser class for the United States and the British Empire and between 150,000 and 180,000 tons for Japan, each of the powers should have liberty to build the number and type of vessels which they might consider best suited to their respective naval needs, with freedom, subject to the limitation of

<sup>35.</sup> Ibid., p. 225.

<sup>26.</sup> Cf. Ambassador Gibson's speech, Sixth Session, Preparatory Commission, April 22, 1929.

<sup>27.</sup> The United States, after the failure of the Geneva Conference, accepted the French compromise, cf. p. 183.

<sup>28.</sup> France and Italy were represented by observers. For a history of this conference, cf. "The International Naval Situation," F. P. A. Information Service, Vol. III, No. 21-22. Cf. also Records, cited.

<sup>39.</sup> The First Lord of the Admiralty is not counted as a naval officer.

<sup>40.</sup> Records, cited, p. 45.

the Washington Conference, to arm these vessels as they saw fit.

The British delegates opposed the principle of limitation by total tonnage alone on the ground that the largest ship and the heaviest gun permissible (10,000-ton, 8-inch gun) would inevitably become the standard. At the same time they proposed a limitation of the size of vessels of all classes, including capital ships. The British delegation suggested first, a strict limitation of the number of 10,000-ton 8-inch gun cruisers, and second, the establishment of a secondary type of 6,000 tons carrying 6-inch They contended that the establishment of this type would alone enable the British Empire, within a moderate total tonnage figure, to attain the numbers which it regarded indispensable to meet its special needs. The British Government stated their minimum requirements to be fifteen 8-inch gun cruisers and fifty-five cruisers of the smaller type carrying 6-inch guns-a total of seventy.41

The Japanese delegation advocated the adoption of the lowest possible tonnage levels. They would not agree to any limitation of 8-inch gun cruisers as a matter of principle, but were willing to declare that they would not build any further 8-inch gun cruisers except those already authorized, provided Japan were given a total tonnage of at least 315,000 tons for cruisers and destroyers combined.

In replying to the British proposals, the American delegation declared that it could not agree to limit the 8-inch gun to large cruisers because of the fact that the British Government had at its disposal approximately 888,000 tons of fast merchant ships · capable of being readily converted into cruisers with 6-inch guns. It could not agree to limit the number of 10,000-ton cruisers to less than twenty-five because, unlike the British Empire, the United States did not have a large number of naval bases strategically situated with respect to its trade routes. Small cruisers were of no use to the United States because of their restricted cruising radius.

#### NEAREST APPROACH TO AGREEMENT

The nearest approach to agreement came when the British and Japanese delegations. at Mr. Gibson's suggestion, arrived at a compromise figure of 500,000 tons for destroyers and cruisers combined, plus the retention of 25 per cent in old vessels of limited combatant value. This compromise included a limitation of 10,000-ton cruisers to twelve for the United States and Great Britain and eight for Japan. Omitting the tonnage of the old vessels retained, the figure of 500,000 tons was not far removed from the minimum figure of 450,000 tons originally proposed for cruisers and destroyers by the United States, and was less than the maximum figure.

The United States rejected this proposal on the ground that, in view of the inclusion of over-age ships, it would really mean a tonnage limitation for cruisers of at least 426,000 tons—75,000 tons in excess of British cruiser strength after the completion of vessels under construction. Mr. Gibson declared that for the immediate future the only real effect of the British proposals would be to obligate the United States to construct many 6,000-ton 6-inch gun cruisers, a type not adapted to American "needs."

On July 5 the United States modified its original position by offering to limit cruisers to 400,000 tons (instead of the maximum of 300,000 tons originally proposed). But it required full liberty of action to build twenty-five 10,000-ton cruisers; and while in addition it was willing to construct cruisers of a smaller tonnage, it would not agree to mount cruisers with guns of less than 8-inch calibre.<sup>43</sup>

Back of these concrete differences over the number of cruisers and the size of guns was the difference in conception of naval needs. The British delegation upheld a conception of "absolute" needs—of a certain number and type of vessels which it was necessary to maintain to safeguard Imperial communications, regardless of the size of other navies. The United States declared, on the other hand, that naval needs were relative;

<sup>41.</sup> Ibid., p. 29, 142. During the conference Great Britain offered to discuss a lower figure provided the United States agreed to a total of eleven large 8-inch gun cruisers. This the American delegation refused to do. Ibid., p. 38, 39.

<sup>42.</sup> Ibid., p. 44.

<sup>43.</sup> Ibid., p. 109.

that the number of vessels required by one navy depended upon the number of vessels maintained by others. Nevertheless, in insisting rigidly upon the right to build 8-inch gun cruisers, regardless of the number of such cruisers in other navies, the United States seemed itself to have supported the theory of "absolute" needs.

The failure of the Geneva Conference inevitably caused irritation and, to a certain extent, strained relations between the United States and Great Britain. In December 1927 the Committee on Naval Affairs of the House of Representatives introduced a bill calling for the construction of twenty-five cruisers, as well as nine destroyer leaders, thirty-two submarines and five aircraft carriers, at a total cost of \$725,-000,000. After vigorous opposition from virtually all parts of the country, the House passed a bill calling only for the authorization of fifteen large cruisers and one aircraft carrier, at an estimated total cost of \$274,-000,000. The Senate finally approved this bill in February 1929 after rejecting the proposal of President Coolidge to remove the time-limit within which these cruisers should be laid down. The bill as passed requires that all of the fifteen 8-inch gun cruisers shall be laid down by July 1, 1931, which means that they will be completed by 1934 or 1935.44 It also authorizes the President to suspend construction in the event that an international agreement for further naval limitation is concluded.

Following the Geneva Conference, the British Government decided to drop three of the large cruisers from the five-year program. In 1929 it reduced two of the three cruisers to be laid down from 8-inch to 6-inch gun types.

#### THE ANGLO-FRENCH NAVAL COMPROMISE

Confronted by a deadlock in the Preparatory Commission and the failure of the Geneva Conference, the French and British Governments now attempted to work out a compromise. In March 1928 conversations took place between Sir Austen Chamberlain and M. Briand at Geneva, where Sir Austen presented a proposal of the British Admiralty to divide vessels into six categories.46 On March 22 Count Clauzel informed the Preparatory Commission (at its fifth session) that technical experts had been conducting conversations dealing with delicate questions "for which only partial solutions had been found" by the commission. next day Ambassador Gibson of the United States declared that the American delegation believed so many points of disagreement existed that nothing further could be accomplished in public meetings until after "an effort had been made by direct negotiation between the various governments and between groups of governments to find a way. through mutual concession, to eliminate existing divergencies."47 Negotiations between the French and British Governments were subsequently continued, and on July 28, 1928 both governments finally agreed to apply limitation to four classes of vessels, which would have "added two further classes of vessels to the two classes limited under the Washington Treaty,"48 In addition to limiting capital ships and aircraft carriers, the Anglo-French Naval Compromise proposed to limit cruisers armed with guns of more than 6-inch calibre and submarines of over 600 tons, leaving the parties free to construct smaller cruisers and smaller submarines.

In consenting to the limitation of these two types of vessel, the French Government thus surrendered its theory of global tonnage in favor of limitation by category; while in consenting to carry on negotiations in regard to the navy alone, it abandoned the thesis that naval, land and air armaments were interdependent, thus removing two of the major difficulties encountered by the Preparatory Commission.<sup>49</sup>

At the request of the French Government,

<sup>44.</sup> The bill provided that the first five cruisers and the aircraft carriers should be laid down in the year ending June 30, 1929.

June 39, 1828.

45. Brassey's Naval and Shipping Annual, 1929, p. 2. Commenting on this fact, the late Sir Archibald Hurd said, "The program which was adopted in 1925, a far more modest program than that sketched by Mr. Amery, has gone by the board, and we are face to face with a policy of naval defence at once 'chaotic, sporadic and spasmodic.' Year by year the policy of replacement is being pared down." "Broken Pledges and Lost Cruisers," cited, p. 158.

<sup>46.</sup> It proposed to limit the number of cruisers between 10,000 and 7,000 tons and surface vessels under 7,000 tons. British Circular Dispatch, October 9, 1928, Cmd. 3211, p. 17.

<sup>47.</sup> Minutes of the Fifth Session of the Preparatory Commission, C. 165, M. 50, 1928, IX, p. 277, 278.

<sup>48.</sup> Cmd. 3211, cited, p. 43.
49. For the British surrender on the limitation of land reserves, cf. "The Disarmament Deadlock," cited, p. 393.

the compromise also contained the interesting and important provision that the same maximum tonnage for submarines and cruisers should be fixed for all the great naval powers. Thus the claim of France for equality with the United States and Great Britain was recognized by the latter and any controversy between France or Italy as to their respective ratios would have been avoided.50 France, however, apparently did not expect to build up to the maximum figure, which M. Briand has called chiffres de prestige. The Anglo-French Naval Compromise provided that at the naval conference the powers should indicate within the maximum limit "the tonnage they propose to reach and which they undertake not to exceed during the period covered by the convention."51 In other words, while equality in tonnage was recognized in theory, the lesser powers would agree not to build up to the maximum level.

The French Government declared that the compromise could only bear fruit if the United States in particular agreed to accept it, and it was accordingly communicated to the other powers concerned. On July 30 the British Government instructed its representatives at Washington, Tokyo and Rome to inform the respective governments to which they were accredited of the terms of the compromise. On the same day, and apparently before the embassies had had time to inform the governments, Sir Austen Chamberlain announced in the House of

Commons that these conversations with France had been proceeding. He declared, "I am about to communicate to the other principal naval powers the compromise at which we have arrived. . . ."

This statement aroused a storm of disapproval in the United States, where the press intimated that the negotiations had been carried on without the knowledge of the United States. The provision for the limitation of only large cruisers and large submarines was criticized on the ground that it was an obvious attempt to win France to the policy held by Great Britain at the Geneva Conference. The reply of the United States to the compromise was given in a note of September 28, 1928, which declared that the Anglo-French proposal imposed restrictions only on those types of vessels "peculiarly suited to the needs of the United States." Restrictions on these types "would add enormously to the comparative offensive power of a nation possessing a large merchant tonnage on which preparation may be made in times of peace for mounting 6-inch guns." Finally, the United States declared its willingness to consider the proposal offered by the French at the third session of the Preparatory Commission in regard to fluctuating tonnages.52 In view of this reply, Lord Cushendun announced in the House of Lords on November 7, 1928 that the Anglo-French Compromise was dead.

#### APPLICATION OF THE NEW "YARDSTICK" FORMULA

A new atmosphere was created by the events of the early months of 1929. On March 4 Herbert Hoover became President of the United States and promptly made known his willingness to reopen the naval question. In England the Conservative government was voted out of power in the General Election of May 30, 1929, and was succeeded by a Labour government under Ramsay MacDonald who had stressed in his election campaign the importance of improving Anglo-American relations.

In addition to removing much of the psychological ill will existing between England and the United States, Mr. Gibson in his speech of April 22, 1929 at Geneva offered on behalf of the United States two technical suggestions of significance. First, he reiterated the willingness of the United States to accept the French formula of fluctuating tonnages between categories, subject to a certain percentage limitation. Second, he declared that "in order to arrive at a basis of comparison in the case of categories in which there are marked variations as to unit

<sup>50.</sup> Cf. p. 190.

<sup>51.</sup> Cmd. 3211, cited, p. 27.

<sup>52.</sup> Cf. below.

characteristics, it might be desirable in arriving at a formula for estimating equivalent tonnage to consider certain factors which produce these variations, such as age, unit displacement, and calibre of guns." It was understood that he favored a system of index numbers under which, for example, a new 10,000-ton 8-inch gun cruiser might be listed at 100, a 7,500-ton 6-inch gun cruiser at 60, and other vessels accordingly.

On April 27 Sir Austen Chamberlain declared that Mr. Gibson's speech paved the way for a "real advance."53

It is recognized, however, that if a naval agreement is to be arrived at, it will be necessary to remove the difficulties which led to the deadlock at the Geneva Conference of 1927 over the questions of tonnage levels and the 8-inch gun. Before reviewing the possibility of avoiding these difficulties, the present naval strength and programs of the United States and the British Empire may be briefly described.

The comparative strength of the five leading powers in auxiliary vessels is shown in the following table:

#### SHIPS NOT LIMITED BY WASHINGTON TREATY!

Туре	τ	J. S.	British	Empire	Ja	Japan		rance	Italy	
Туре	No.	Tons	No.	Tons	No.	Tons	No.	Tons	No.	Tons
Cruisers, First Line										
8" gun Cruisers										
Built	$2^{2}$	20,000	10	100,000	5	38,400	2	19,882	3	31,3554
Building	6	60,000	7	66,6003	6	60,000	3	30,000	2	20,000
Authorized	15	150,000	1	10,000	1	10,000	_		2	20,000
6"-7.5" Gun Cruise	rs									
Built	10	75,000	44	217,8905	21	105,555	10	83,0016	9	36,015
Building									4	20,000
Authorized			2	13,0007			1	6,496	_	
Total	33	305,000	64	407,490	33	213,955	16	139,379	20	127,370
Cruisers, Second Line								*****		
Built	22	179,425	_		9	71,434	6	64,770	1	7,234
Destroyers, First Line	2628	312,479	184	228,370	115	135,460	78	110,490	89	106,314
Submarines, First Line										
Built	112	83,607	56	47,705	62	58,417	52	40,656	37	15,243
Building	2	5,520	12	18,480	9	14,670	32	40,331	19	17,000
Authorized	_		6	9,240	4	6,920	4		6	4,368
Total	114	89,127	74	75,425	75	80,007	88	83,467	62	36,611

#### PRESENT RATIOS IN AUXILIARY VESSELS9

Cri	isers,	Destroyers,	
Firs	st Line	First Line	Submarines
United States 5		5	5
British Empire 6	.61	3.65	4.23
Japan 3	.51	2.17	4.48
France 2	.28	1.77	4.68
Italy 2	.09	1.70	2.05

<sup>1.</sup> Compiled by the Foreign Policy Association from "Navies of the World," printed for the une of the Committee on Naval Affairs, U. S. Senate, Government Printing Office, Washington, D. C., 1929; brought up to date by reference to Parliamentary Debates, official Announcements, etc.

2. Launched but not yet in commission.

3. Tonnage not definitely determined.

4. These cruisers, built in 1998-1910, are armed with 10-inch guns.

5. Four cruisers that in 1998-1910, are armed with 7.6-inch guns.

6. Four cruisers armed with less than 6-inch guns.

7. Tonnage not yet officially announced.

8. Does not include 12 first-line destroyers in Coast Guard.

9. Including ships building and authorized.

### COMPARATIVE STRENGTH OF BRITISH AND AMERICAN FLEETS

With the completion of the fifteen cruisers authorized in the act of February 1929, the United States will have thirty-three first-line cruisers, totaling 305,000 tons; in addition it still retains twenty-two second-line cruisers laid down between 1890 and 1905. All have passed the 20-year age limit and only six are in commission, four being on duty in the Special Service Squadron in the Caribbean, one in the Asiatic fleet, and one at the New York Navy Yard. 54

While the American navy is inferior to the British in first-line-cruiser tonnage, it is superior, as the above table indicates, in destroyer and submarine tonnage. The United States has 262 first-line destroyers and although only 106 are in commission the others are kept in good condition and are ready for use in emergency. With very few exceptions, these destroyers were all built during the war and will reach the age limit of sixteen years by 1938.

In a speech of January 3, 1929 Senator Hale declared:

"At the close of the World War we found ourselves with a large number of surplus destroyers on hand. These ships had been constructed by us on the suggestion of our allies, the British, to aid in putting down the submarine menace. At that time, as at the present time, we were very greatly lacking in cruisers; but with our surplus destroyer force, to a very considerable extent, we were able to make up for this deficiency by using destroyers for cruiser work. . . . The destroyer at that time, with its great speed of 34 to 35 knots, could keep out of the way of these small cruisers and could be effectively used in doing near-by scouting and screening work for the fleet. With the advent of the treaty cruiser and of small cruisers of great speed our superiority in destroyer tonnage becomes no longer the compensatory factor that it was at the end of the war in making up for our lack of cruisers."55

At the present time the British cruiser fleet consists of a total of 64 ships—built, building and authorized. A majority of the completed cruisers are of the small 6-inch gun type, ranging between 3,750 and 5,250 tons, but when the building program is completed Great Britain will have eighteen

54. Navy Department Statement, U. S. Daily, June 27, 1939.

cruisers armed with 8-inch guns. <sup>58</sup> During the next few years, however, as the replacement program goes ahead, the total number of ships will decrease from the 64 built and building to about fifty actually built. Thirty of these cruisers become obsolete between 1935 and 1940, with as many as seven in 1937 and eight in 1938. If Great Britain should wait until the actual year of obsolescence before replacement, the program for that year would be excessive. In his speech of March 14, 1929, Mr. Bridgeman, First Lord of the Admiralty, declared:

"If our building progam suddenly increased very much in size, everybody would be asking what was the reason for it and suspicion would be created. Apart from that, the fluctuations in employment which would result from a policy of spasmodic building, building by fits and starts, would entirely upset our plans for stabilizing employment in the Royal yards, and might also have the effect of causing the departure of some of our most highly-skilled workmen from the shipbuilding yards in other parts of the country."57

Since 1924, therefore, the policy of the British Government has been to lay down about three ships a year, so that by 1940 the new ships laid down will approximately equal those becoming obsolete during the same period. Mr. Bridgeman stated that at the present time there are fifty-two British cruisers in commission, and, according to the present replacement program, there would be only fifty cruisers under twenty years of age in 1940.<sup>58</sup>

# APPROXIMATE EQUALITY OF TWO LEADING NAVIES

In February 1929 Congressman Fred Britten, chairman of the House Committee on Naval Affairs and a leader of the "big Navy" group in the United States, wrote that the completion of the fifteen American cruisers authorized in 1929 "will, unless Great Britain or Japan expand their naval programs, place the United States navy on a basis somewhere near equality with any other naval force it might be called upon to meet." 59

<sup>55.</sup> Cong. Record, January 3, 1929.

<sup>56.</sup> Including the *York* and the *Exeter*, of 8,400 tons each. In addition, the British Government has four cruisers of the *Hawkins* class, carrying 7.5-inch guns.

<sup>57.</sup> House of Commons Debates, March 14, 1929, col. 1310.

<sup>58.</sup> Ibid., March 14, 1929, col. 1310.

<sup>59.</sup> New York Herald Tribune Magazine, February 21, 1929.

This statement is borne out by a comparison of the two fleets. On completion of the present building program in 1940, at least eighteen of the 50 British cruisers will be 8-inch gun ships. The remainder, or thirtytwo, will presumably be smaller 6-inch gun cruisers of approximately 6.500 tons each.60 According to this ratio of large and small ships the British Government will have 176,600 tons in 8-inch gun cruisers and at least 208,000 tons in 6-inch gun cruisers—or a total of 384,600 tons. These figures are based on Mr. Bridgeman's statement on the naval estimates, quoted above. 61 and are not of course final. The present Labour government or another Conservative government might alter the present replacement program in either direction at any time during the next ten years.

By 1940, under the present program, the United States will have ten 7,500-ton 6-inch gun cruisers, totalling 75,000 tons, and twenty-three large 8-inch gun cruisers, totalling 230,000 tons—or 305,000 tons in all. In other words, the British Empire will have a cruiser superiority of 79,600 tons.

On the other hand, the United States will have a superiority of five large 8-inch gun cruisers. In addition, the United States has at the present time a superiority in destroyers of 84,109 tons and in submarines of 13,702 tons<sup>63</sup>—or a total superiority in destroyers and submarines of 97,811 tons, which about offsets the British superiority in cruiser tonnage.

Disregarding other factors it is clear that by 1940 the American fleet will at least equal the British fleet in tonnage and will definitely surpass it in the number of Treaty cruisers. This assumes, however, that the fifteen American cruisers authorized in 1929 are built and put in commission and that the British Government does not increase the number of 8-inch gun cruisers now building or projected. 64

The inclusion of the American destroyer figures in these calculations might be criticized on the ground that less than one-half of these destroyers are in commission and that the United States built during the war more destroyers than it needs at the present time. Nevertheless, if the statement is true that destroyers are an effective weapon in combatting small cruisers, these vessels cannot be left out of consideration as a factor in the naval strength of the United States in the event of war.<sup>65</sup>

#### A POSSIBLE BASIS FOR AGREEMENT

If the French suggestion for transferring a certain percentage of destroyer and cruiser tonnage to meet the needs of the different countries67 should be combined with the American "yardstick" proposals at Geneva, a limitation agreement might be reached without great sacrifice. At the Geneva Conference the United States proposed a total limitation of 450,000 to 550,000 tons in cruisers and destrovers combined for the British Empire and the United States. At the present time the United States has a total of 617,479 tons in first-line cruisers and destroyers combined, which would mean that under the maximum figures proposed at Geneva the United States would be called upon to scrap 67,479 tons. The British Empire with a total tonnage of 635,860 tons in cruisers and destroyers would be called upon to scrap 85,860 tons. This tonnage could be disposed of in either cruisers or destroy-The United States would be free to scrap its tonnage in destroyers if it chose. which would mean approximately fifty-seven destroyers in all. Inasmuch as only 106 out of the 262 American destroyers are in commission, the scrapping of fifty-seven would not involve a material sacrifice, and would still leave the American destroyer fleet slighty superior to the British in tonnage.68

Great Britain, on the other hand, would be able to scrap at once approximately seventeen of its older cruisers, totalling 86,000 tons. As thirty cruisers will normally be-

<sup>60.</sup> At Geneva the British Government declared its willingness to stop further construction of large cruisers. Presumably, therefore, the 7.5-inch gun cruisers of the Hawkins class will be replaced with 6-inch gun vessels, and those which reach the age limit, after 1940 will also be included in the total of 32 ships.

<sup>61.</sup> Cf. p. 185.

<sup>63.</sup> Including the British destroyers and submarines now building and appropriated for.

<sup>64.</sup> Cf. p. 178. It also assumes that Great Britain will replace the cruisers of the *Hawkins* class with 6-inch gun ships.

<sup>65.</sup> In proposing a destroyer tonnage of 200,000 to 250,000 tons at the 1927 Geneva Conference, the United States indicated that destroyers are an important part of the navy.

<sup>67.</sup> Accepted in principle by the United States at the sixth meeting of the Preparatory Commission. Cf. p. 179.

<sup>68.</sup> This would probably be offset by the fact that the United States has no destroyer leaders at the present time, while Great Britain has seventeen in commission.

come obsolete by 1940, scrapping seventeen in the immediate future would make the replacement program of three cruisers a year correspond more closely with the maturity date of the old cruisers. This scrapping proposal would not involve stopping work on cruisers under construction and on which men are employed. In numbers, it would leave the British fleet with forty-seven cruisers today, only three less than the number planned for 1940 on completion of replacements. The British Empire should, however, retain the right to continue to lay down for replacement purposes three new cruisers a year, just as the United States should retain the right to construct its fifteen large cruisers, in accordance with the replacement formula described below.

In other words, a scrapping agreement under some such formula as this would not impose a serious sacrifice upon either government, but would lay the basis for agreement on a replacement ratio for the future. Actual scrapping of 8-inch gun cruisers under construction or planned would apparently raise greater difficulties. While the British Government might agree to drop work on, say, five of its Treaty cruisers now under construction if the United States would agree not to lay down an equal number of its authorized 10,000-ton ships, it would be forced to shoulder a greater financial loss than the United States, simply because construction of the large British cruisers is well under way while that of the last fifteen American cruisers is only beginning.69 The number of men who would be thrown out of work by dropping construction would be a further embarrassment to the present Labour government.70

## THE "YARDSTICK" APPLIED TO CRUISERS AND DESTROYERS

The mere scrapping of ships, however, will not solve the cruiser problem as a whole unless combined with an agreement on future building and replacement. It is in this connection that the American proposal for a "yardstick" to measure the relative effectiveness of large and small cruisers and to

take into account gun power, age and speed, offers a useful formula for reaching an agreement.

At the Geneva Conference the United States was not ready to admit that 250,000 to 300,000 tons in large 8-inch gun cruisers had a greater combat strength than the same tonnage in smaller 6-inch gun cruisers. According to this reasoning a fleet consisting of twenty-five or thirty 10,000-ton cruisers would be equal to a fleet consisting of forty or fifty 6.000-ton cruisers. The British delegation contended, however, that the fleet of large ships would, because of its superior gun power, be able to wipe out the fleet of small vessels. In Mr. Gibson's speech at Geneva on April 22, 1929, the United States indicated that it was now prepared to consider gun power as well as total tonnage in estimating comparative strength, that it was also willing to allow one government to use a certain percentage of its destroyer tonnage for cruisers, provided the destroyer tonnage is accordingly reduced.

The actual difference between the 10,000ton 8-inch gun cruiser and the 6,500-ton 6inch gun cruiser is only 3,500 tons; but the British Government has contended that actually one large cruiser is worth more than two small cruisers, or even 2.5, in combat strength. Expressed in other terms, the large and small cruisers would have a ratio of 10:4 respectively. Similarly one small cruiser might be considered the equivalent of three or four destroyers. If the latter were chosen, the ratio of large cruisers, small cruisers and destroyers would then be approximately 10:4:1 Other ratios of course may be worked out by naval technicians but these given here illustrate the way in which they may be applied, and indicate roughly the results which might be achieved.

Under this ratio the twenty-three large 8-inch gun cruisers of the United States would have a rating of 230, the ten smaller 6-inch gun cruisers would have a rating of 40—a total of 270 units. When the present British program is completed Great Britain will have eighteen large 8-inch gun cruisers with a rating of 180, and thirty-two small 6-inch gun cruisers with a rating of 128—or a total of 308 units. The difference between these two ratings might then be ad-

<sup>69.</sup> Up to April 1, 1929 the British Government had expended more than \$34,000,000 on the Shropshire, York, Dorsetshire, Norfolk and Exeter. Naval Estimates, 1929, p. 330.

<sup>70.</sup> For the relation of unemployment to cruiser construction in 1924, cf. p. 178. In 1929 a total of 31,260 men were employed at British Government Naval Yards. *Ibid.*, p. 430.

justed by deducting thirty-eight units from the British destroyer fleet, or allowing the American fleet a similar superiority. The result would leave the two fleets essentially equal in combat strength.

The factor of age will probably be more difficult to work out in the case of cruisers than it was in the case of battleships at the Washington Conference, While the two battle fleets were more nearly comparative in age, the American and British cruisers of today differ widely. For example, practically all of the small British cruisers will become obsolete by 1940 and will, under the present program, be replaced with new ships by that date. On the other hand, not one of the thirty-three first-line cruisers of the United States will have reached the age limit by 1940. The 6-inch gun cruisers of the Omaha class will be the first to reach the age limit, beginning in 1943.71 Under the system proposed by Mr. Gibson at Geneva, it is not possible to state what "weight" will be given the older ships as compared with those of newer design. It is possible that in order to offset their advantage in age the British might agree to permit the United States to construct one or two additional cruisers in 1940 or to cut down their own program to this extent. This factor as well as the relative speed of the two fleets will have to be accounted for in the final plan.

To summarize the existing possibilities for agreement outlined above:

The United States might scrap about fifty-seven destroyers (already out of commission), and Great Britain about seventeen old cruisers which will reach the age limit between 1935-1940. This would provide tonnage equality in cruisers and destroyers at the time, but would allow both governments to complete their announced cruiser programs as follows.

- The United States to continue its present cruiser-building program of twentythree large 8-inch gun cruisers and ten 6inch gun cruisers.
- 2. The British Empire to continue its present cruiser-building program of eighteen large 8-inch cruisers and thirty-two 6inch gun cruisers.
- 3. The final superiority of Great Britain in cruisers to be offset by an equivalent superiority in destroyers for the United States.

The adoption of some such agreement would not impose any prohibitive sacrifice on either government. It would, on the other hand, prevent increased construction in the future and would bring to an end the fear of naval competition. After such an agreement is reached, both governments might later agree to reduce their building programs in Treaty cruisers.

#### POLICIES OF THE OTHER NAVAL POWERS

At their interview in Scotland, Prime Minister MacDonald and Ambassador Dawes made it clear that their two governments would not seek a separate naval understanding apart from the other naval powers. Apparently there are two reasons for this attitude: first, that no two governments can afford to reduce armaments when their neighbors retain complete freedom to increase armament; and second, that an Anglo-American naval agreement would inevitably be given a political interpretation, and might therefore be regarded suspiciously by France and other powers.

The three other powers immediately con-

cerned in the naval question are Japan.

France and Italy. The success of the international naval negotiations which have been recently inaugurated will depend in large measure upon the willingness of these three powers to accept the Washington ratio of 5:5:3:1.67:1.67, or upon the willingness of Great Britain and the United States to accept a modification of their ratios for auxiliary vessels.

In cruisers and submarines all three powers are actually building beyond the ratios established at Washington for capital ships.72 Japan's thirty-three cruisers built and building will give her a ratio of 3.51 to 5 for the United States when the fifteen American cruisers are completed. Eight of the Japanese cruisers are 10,000-ton 8-inch

<sup>71.</sup> The 15 new cruisers will presumably be finished in 1934, and will not reach the age limit for 20 years.

<sup>72.</sup> Cf. table, p. 184.

gun vessels, four are 7,100-ton ships with 8-inch guns and twenty-one are less than 6,000 tons, armed for the most part with 5.5-inch guns. France will have a cruiser ratio of 2.28 when her present construction is completed, and Italy 2.09,73

In submarines, the effect of recent building in Japan, France and Italy is even more apparent. Upon completion of the present programs, France will have 83,467 tons. Japan 80,007 tons and Italy 36,611 tons, as compared with 89,127 tons for the United States and 75,425 tons for Great Britain. The ratio will be as follows: United States 5. France 4.68, Japan 4.48, the British Empire 4.23, and Italy 2.05.

The nearest approach to the Washington ratios is in destroyers, in which Japan will have a ratio of 2.17, France 1.77, and Italy 1.70, as compared with 5 for the United States and 3.65 for Great Britain.

#### THE JAPANESE RATIO

At the Washington Conference the Japanese Government accepted the principle of the 5:5:3 ratio for auxiliary craft.74 But at the Geneva Conference the Japanese delegation originally asked for 65 per cent of the cruiser and destroyer tonnage allotted to Great Britain and the United States—which is 5 per cent more than the 5:5:3 ratio. $^{75}$ 

Recently doubts as to the willingness of Japan to accept the 5:5:3 ratio were expressed in a reported statement of the Japanese Minister of the Navy, Admiral Keisuki Okada, to the New York World. He declared that the 5:5:3 ratio had been accepted by Japan as far as capital ships are concerned, because

"... the effectiveness of the British or the American fleet in the waters of the Western Pacific is reduced to an extent which places it only in the position of parity with respect to the Japanese fleet.

"Because of the greater mobility of types of craft other than capital ships, this does not hold

73. Cf. table, p. 184. Does not include all of the ships projected in the French program, but merely those appropriated for. Cf. p. 190.

for them. A 5:5:3 ratio extended down the line to cruisers and auxiliary ships would mean not effective parity for Japan, but actually inferiority. We feel it necessary, therefore, to insist on an arrangement which would do Japan justice."76

Some observers regard it as possible that Japan will not be asked to accept the 5:5:3 ratio in auxiliary vessels because of the firm stand taken on this subject by France. The French Government not only protested against this ratio at the Washington Conference.<sup>77</sup> but in ratifying the naval treaty made a declaration to the effect that "the ratios of total tonnage in capital ships and aircraft carriers allowed to the several Contracting Powers do not represent the respective importance of the maritime interests of those Powers and cannot be extended to the categories of vessels other than those for which they were expressly stipulated."78

A section of French opinion has also resented the position of naval equality granted Italy with France in the Washington treaty. and many Frenchmen appear unwilling to accord the Italian Government equality in cruiser strength in a new agreement. In its reply to the Anglo-French Naval Agreement the Italian Government declared that it was disposed to accept as the limit of its own armaments "any figures, however low they may be, provided they are not exceeded by any other European continental Power." Italy's naval needs are based on the fact that "Italy has only three lines of communication with the rest of the world, three compulsory channels for her supplies: Port Suez, Gibraltar or the Dardanelles." Moreover. Italy "has an extremely long coast line, heavily populated cities and vital centers on its coast. . . . "79

The rapporteur of the Italian naval budget said (May 27, 1929) that it was essential to carry out the proposed naval program in view of "the progressive acceleration in construction on the part of other powers, for example France, which, after the notable delays suffered as a result of various causes in the programs of 1922 and 1923, now energetically pursues her labors. . . ."

He pointed out that Italy is in particular need of two types of vessels: (1) cruisers

<sup>74.</sup> Conference, cited, p. 578.

<sup>75.</sup> Records, cited, p. 123. In the British-Japanese memorandum at the Geneva Conference it was proposed that the number of 10,000-ton cruisers be limited to twelve each for the British Empire and the United States, and eight for Japan Japan was to retain her four 7,100-ton cruisers; but stated that she had "no intention of laying down any other 8-inch gun cruisers before December 31, 1938." Bidd, p. 41. Under this plan Japan would retain all of her 8-inch gun cruisers, and any expensive would be restricted to smaller and other and any scrapping would be restricted to smaller and older vessels.

Interview with Barnet Nover, New York World, June Interview and 14, 1929.
 Cf. p. 177.
 Proces verbal, U. S. Treaty Series, No. 671.
 Note of October 6, 1928, Cmd. 3211, p. 41.

of 10,000 tons and the greatest possible speed; (2) submarines. The cruisers are needed by Italy because of "the exigencies of our Mediterranean situation." The submarines are needed for the purpose of maintaining "maritime communications" and for "replenishing the materials which are not found or can not be produced in the country"; the construction of "transport submarines" is recommended in order to avoid the situation of Germany during the blockade. 50

The French attitude toward the Italian demand for equality is illustrated by a statement of the rapporteur of the French Chamber of Deputies on the navy budget. He declared that "France has to defend herself on three seas; she possesses an immense colonial empire; equality with Italy would mean inferiority in the Mediterranean where our interests are superior to those of Italy."81

In the early part of 1925 the Naval Committee of the French Chamber approved a building program (le Statut Naval), calling for the construction by 1943 of auxiliary craft as follows:<sup>82</sup>

- 1. Cruisers ....210,000 tons
- 2. Destroyers .. 180,000 "

By the fall of 1928, 45.2 per cent of the tonnage in cruisers and destroyers and 58.8 per cent of the submarine tonnage had been completed.<sup>83</sup> The French program calls for the construction of more than two-thirds of the tonnage for auxiliary craft suggested at Geneva for the United States and the British Empire—550,000 tons. The French submarine figure of 96,000 tons is 6,000 tons more than the figure proposed at Geneva for the United States and the British Empire. It is evident that the French Government will not accept in regard to auxiliary craft the ratio of 5:1.67 laid down in Washington for capital ships.

## FRENCH PROPOSAL FOR "THEORETICAL" EQUALITY

The formula to cover auxiliary craft pro-

The formula to cover auxiliary craft pro-

posed by the French is characterized by the phrase chiffres des prestige-a proposal accepted by the British Government in the Anglo-French Naval Agreement. Under this scheme, all of the naval powers would be given the "theoretical" right to maintain the same tonnage in auxiliary craft. But at the time of the signature of a treaty to this effect certain powers, presumably France, Italy and Japan, would announce their intention to build not more than a specified portion of this tonnage during the life of the treaty. One advantage of this proposal, according to some, is that it might avoid any controversy over the respective ratios of France and Italy. Nevertheless, the Italian Government might reserve the right to build up to the French tonnage, a demand which the French are not inclined to accept.

The relation of the French to the Italian navy would seem to be primarily a European problem. If the British, French and Italian Governments were able to work out an agreement among themselves, the United States would not presumably challenge it. But if theoretical equality were granted to France and Italy in auxiliary craft, the same equality would necessarily have to be accorded to Japan.

The question has been asked, would the United States be disposed to grant Japan this position? In view of the recent debates in the Japanese Diet criticizing the present level of naval expenditures,84 it is doubtful whether the Japanese Government would wish to build up to the American level in cruisers. The Japanese Government has announced its intention not to increase the eight Treaty cruisers now built or under construction, which approximate only a third of the Treaty cruisers contemplated for the American navy. The position of theoretical equality would, however, be presumably gratifying to Japan's feeling of prestige.

#### THE NEW GERMAN CRUISER

The announcement of a revolutionary new design for modern armored ships, developed by German naval architects, has intro-

<sup>80.</sup> Camera dei Deputati, Ministero della Marina, 1929-1930, No. 19a. May 27, 1929, p. 9. 81. M. Dumesnil, Rapport, Budget Général de l'Exercice, 1929 (Ministère de la Marine), No. 612, Chambre des Députés, 1928, p. 65. For the same view, cf. "Rivaitié Navale." Le Temps, February 18, 1929 and the remarks of M. Lémery, Senate debate on the naval program, Le Temps, March 16, 1929. 82. Rapport, No. 612, p. 73.

<sup>83.</sup> For the figures in 1929, cf. table, p. 184. 84. Cf. Japan Weekly Chronicle, January 17, and February 21, 28, 1929.

duced a further factor of general international significance. In 1913 the German navy consisted of 47 battleships and 50 cruisers. A blow to this fleet was dealt by the Treaty of Versailles, but before final disposition of the vessels could be made, the Germans scuttled nine battleships, five battle cruisers, five light cruisers and 30 destroyers at Scapa Flow.87

The Treaty of Versailles limited the German navy to six battleships of the Deutschland or Lothringen type, six light cruisers, twelve destroyers and twelve torpedo boats. Germany was forbidden to maintain any submarines. Vessels may be replaced after reaching 20 years of age. In replacement, armored ships are limited to 10,000 tons, light cruisers to 6,000 tons, destroyers to 800 tons and torpedo boats to 200 tons.88

In 1921 the German Reichstag voted sums to modernize old ships and to lay down a new cruiser, the Emden. In 1925-1926 it authorized the construction of four cruisers and twelve destroyers, and in 1928 the construction of one of four armored vessels, each of which is to cost about \$20,000,000.89

The first of these armored ships, the Ersatz Preussen, was laid down in December 1928. Hector Bywater, the British naval writer, describes it as follows:

"Limited to 10,000 tons normal displacementequivalent to about 9,000 tons 'standard' displacement as specified by the Washington Treaty -this type has heavy armour protection over all vital parts. The hull is of shallow draught, and so minutely compartmented as to be capable of resisting several torpedoes or mines. Powerful Diesel motors, which take up exceptionally small headroom and are protected from gunfire by a · vaulted deck of stout armour, propel the ship at high speed, reported to be as much as 26 knots. On deck are mounted six 11-inch guns in armoured triple turrets. These weapons, of a new high velocity model, throw a projectile weighing 660 pounds. They have a range of 17 miles, and can be fired three times a minute. The ship will also carry a strong anti-aircraft and torpedo armament. As will be seen, she really is a diminutive battleship enormously

The restrictions imposed by the Treaty of Versailles have no time limit. In view of the sentiment of "navalism" in Germany, which still appears to be strong,91 and of the general desire to be relieved of one-sided obligations, it is possible that the German Government eventually will ask to be relieved of the restrictions imposed upon its navy by the Treaty of Versailles.

As previously stated, capital ship replacements may generally be made under the Washington treaty after 1931.92 battleship costs at least \$35,000,000—a sum which will weigh heavily upon many governments. There is, moreover, a feeling that the expensive battleship is less effective, for technical reasons, than other types of ships, and widespread opposition to the replacement of battleships in accordance with the treaty is therefore developing.93 France and Italy have already indicated their unwillingness to construct further capital ships, simply by declining to lay down in 1927 and 1929 the replacement tonnage authorized in the Washington treaty.94 Apparently the British Empire, Japan, France and Italy all wish to take steps to curtail the replacement of capital ships as provided in the Washington treaty after 1931. The attitude of the United States Government toward this question has not yet been expressed.

superior in gun power and protection to the conventional type of 10,000-ton cruiser, which she could blow out of the water with impunity to herself. When four of these ships are ready for service the German fleet should be in a position. not merely to dominate the Baltic, but to make its weight felt in wider spheres, for the Diesel propelling plant of the new vessels will give them an exceptionally large radius of action, and, in view of their heavy armament, nothing less than a capital ship could deal with them."90

France and Italy each received from Germany five light cruisers and ten destroyers for use in their fleets. Temperley, H. W. V. A History of the Peace Conference of Paris, Vol. II, p. 155.

p. 105.
 Arts. 181-191, Treaty of Versailles.
 For the Groener memorandum, urging the necessity of cruisers to protect the Baltic coast against Poland, cf. "Revision of the Versailles Treaty," F. P. A. Information Service, Vol. V, No. 8, p. 163.

<sup>90.</sup> Bywater, H. C. "The Rebirth of German Sea Power,"
The Nineteenth Century and After, February 1929. One report states that this warship has a cruising radius of 20,000 miles at 16 knots and that it will be able to outshoot any other in the world. New York Times, June 30, 1929.
91. Cf. Bywater's review of German literature attacking Britain's conduct during the war. Article above cited.
92. For the conference to be held this year, cf. p. 177.
93. A French military attaché has said, "The main, if not he only, French naval problem consists in protecting the transportation of the resources in man power and raw materials of the French-African bloc across the Mediterranean to France." The best way of protecting these resources is not to build warships, which are 'too costly and too vulnerable. The cheap and sure weapons are, in our estimation, mainly the submarine and aeroplane, assisted by a certain number of very farming and the state of the State of St

#### BRITISH AND AMERICAN CRUISER FLEETS1

#### British Empire

				Ditti	at rambite			
			Displace-				Displace-	
	Laid	Com-	ment	Main	Laid	Com-	ment	Main
Name	down	pleted	(tons)	Battery	Name down	pleted	(tons)	Battery
Built:			(/		Coventry 1916	1918	4,190	5-6"
Berwick	1004	1000	10.000	8-8"	Curacoa 1916	1918	4,190	5-6"
Cornwall		1928	10,000		Danae 1916	1918	4,650	6-6"
Cumberland .		1928	10,000	8-8"	Carlisle 1917	1918	4,190	5-6"
Australia		1928	10,000	8-8"	Dauntless 1917	1918	4,650	6-6"
Canberra		1928	10,000	8-8"	Dragon 1917	1918	4,650	6-6"
Kent		1928 1928	10,000	8-8"	Cairo 1917	1919	4.190	5-6"
Suffolk		1928	10,000	8-8"	Calcutta 1917	1919	4.190	5-6"
London		1928	10,000	8-8" 8-8"	Colombo 1917	1919	4,190	5-6"
Devonshire		1929	10,000		Dunedin 1917	1919	4,650	6-6"
Sussex		1929	10,000	8-8"	Delhi 1917	1919	4,650	6-6"
Dussex	1541	1929	10,000	8-8"	Durban 1918	1921	4.650	6-6"
All listed be	low un	der 8" ø	uns.		Adelaide 1917	1922	5,550	9-6"
Vindictive		1918	9,750	6-7.5"	Capetown 1918	1922	4,190	5-6"
Hawkins		1919	9,750	7-7.5"	Despatch 1918	1922	4,765	6-6"
Frobisher		1924	9,750	7-7.5"	Diomede 1918	1922	4.765	6-6"
Effingham		1925	9,770	7-7.5"	Emerald 1918	1926	7.550	7-6"
Dartmouth	1910	1911	5,250	8-6"	Enterprise 1918	1926	7,550	7-6"
Lowestoft		1914	5,440	9-6"	Ziiterprise ::: Zezo	1020		
Birmingham .		1914	5,440	9-6"	Total built (54) .		.317.890	
Comus		1915	3,750	4-6"				
Conquest		1915	3,750	3-6"	Building:			
Carysfort		1915	3,750	4-6"	Shropshire 1927		10,000	8-8"
Cleopatra	1914	1915	3,750	4-6"	Dorsetshire 1927		10,000	8-8"
Calliope	1914	1915	3,750	4-6"	Norfolk 1927		10,000	8-8"
Champion	1914	1915	3,750	4-6"	York 1927		8,300	6-8"
Castor		1915	3,750	4-6"	Exeter 1928		8,300	6-8"
Brisbane		1916	5,400	8-6"	Surrey 1928		10,000	
Cambrian		1916	3,750	4-6"	Northum-			
Canterbury	1914	1916	3,750	4-6"	berland 1928		10,000	
Constance	1915	1916	3,750	4-6"				
Centaur		1916	3,750	4-6"	Total building (7)		. 66,600	
Concord	1915	1916	3,750	5-6"				
Caradoc	1916	1917	4,120	5-6"	Authorized:			
Calypso	1916	1917	4,120	5-6"	1		10,0002	
Caledon	1916	1917	4,120	5-6"	1		6,5002	
Cardiff	1916	1917	4,190	5-6"	1		6,5002	
Curlew	1916	1917	4,190	5-6"	Total Authorized (	3)	. 23,000	
Ceres	1916	1917	4,190	5-6"	Grand Total (64		107 100	
			2,100	0.0	Grand Total (04	,	. 401,490	
				Unite	ed States			
			Displace-				D11.	
	Laid	Com-	mant	Main	Total	0	Displace-	35-:

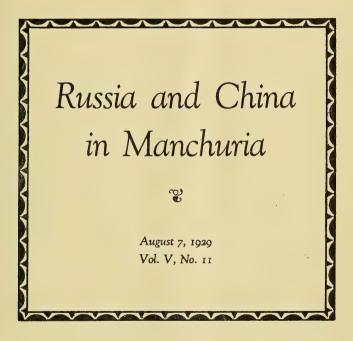
La: Name dov		Displace- ment (tons)	Main Battery	Name	Laid down	Com-	Displace- ment (tons)	Main Battery
Built:	18 1923 20 1923 20 1923 20 1923 20 1923 20 1924 20 1924 20 1924 20 1924 20 1925	7,500 7,500 7,500 7,500 7,500 7,500 7,500 7,500 7,500 7,500	12-6" 12-6" 12-6" 12-6" 12-6" 12-6" 12-6" 12-6" 12-6" 12-6"	Building: Pensacola Salt Lake City CL 26 Chester CL 28 Chicago Houston Augusta Total buildi Authorized:	1927 1928 1928 1928 1928 1928 1928 1928		10,000 10,000 10,000 10,000 10,000 10,000 10,000	10-8" 10-8" 9-8" 9-8" 9-8" 9-8" 9-8"

Compiled by the Foreign Policy Association from "Navies of the World," printed for the use of the Committee on Naval Affairs, Washington, D. C., 1929, and brought up to date by reference to Parliamentary Debates, official Announcements, etc.
 The precise size of these cruisers has not been officially abnounced.

U.	nicago	1928		10.000	9-8"
H	ouston	1928		10,000	9-8"
A	ugusta	1928		10,000	9-8"
	Total building	g (8) .		80,000	
		, ,			
Aut	horized:				
5		1929		50,000	
				50,000	
				50,000	
	Total authoriz	ed (15)	1	150.000	
		(,			
	Grand Tota	1 (33)		305,000	

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## RUSSIA AND CHINA IN MANCHURIA

by
VERA A. MICHELES

with the aid of the Research Staff of the Foreign Policy Association

#### INTRODUCTION

THE crisis which has recently focused attention on Sino-Russian relations with special reference to Manchuria concerns the possession and operation of the Chinese Eastern Railway. This railway, built by a Russian joint-stock company, largely with Russian capital, and operated by Russia and China jointly since 1924, constitutes the shortest route from Leningrad and Moscow to Vladivostok. The maintenance of traffic on this line is of importance not only to Russia, China and Japan, but to all States which have diplomatic or commercial interests in the Far East.

Manchuria, comprising the Three Eastern Provinces of China, has been the object of international rivalry since the Sino-Japanese war of 1894. The various hopes and fears which have centered around this region have been described by Mr. F. H. Hedges, a wellinformed correspondent, as follows: "Manchuria is the danger spot of Eastern Asia and is also one of Eastern Asia's greatest promises. It is a land which three nations want and which three nations are struggling either to possess or to control. To China, Manchuria means a buffer state against either Russia or Japan, a source of income, a relief for over-population, and a tremendous amount of what is so dear to the Chinese -- 'face.' To Japan, Manchuria means the promise of raw materials for Japanese mills and factories and a market for Japan-made goods, a source of income in other ways and the front line of defense against military aggression from the Asiatic continent. To Russia, Manchuria is the link connecting Moscow with Vladivostok, the possible route to an ice-free port in the East, a source of income and, at present, a channel for the propagation of Communist doctrine in China and Japan."

The seizure of the Chinese Eastern Railway on July 10 by Chinese authorities, and the subsequent withdrawal of consular and commercial representatives by Russia and China, served to emphasize anew the conflict of interests in Manchuria. After an interval of ten days, during which period the press reported movements of troops along the Manchurian border, the United States took the lead in advocating a peaceful settlement of the dispute. On July 19 Secretary of State Stimson, after consultation with the British, French, Italian and Japanese Ambassadors in Washington, reminded Russia and China of their obligations under the Kellogg Pact, to which both these countries have adhered. On July 22 he received formal assurances from the Russian and Chinese Governments that they intended to abide by the terms of the pact, and to refrain from hostile action over the seizure of the railway except in self-defense. Both governments appear unwilling to accept mediation by a third State. It is now reported that they have taken steps to open direct negotiations looking to the settlement of the dispute.

The factors which underlie the present crisis are closely interwoven with the history of Sino-Russian relations since 1895, and with the policies followed by Russia and Japan in Manchuria. The purpose of this report is to review the steps which led to the construction of the Chinese Eastern Railway, and to summarize recent developments in the Soviet Government's relations with China.

#### HISTORY OF THE CHINESE EASTERN RAILWAY

NEGOTIATIONS leading to the construction of the Chinese Eastern Railway began in 1896, shortly after Russia had aided China in regaining control of the Liaotung peninsula which had been won from her by Japan as a result of the war of 1895. In 1891 Russia had undertaken the construction of the Trans-Siberian Railway. The Far Eastern section of this system, built on Russian territory, followed a circuitous route along the Amur River, north of the Manchurian border. Both for economic and strategic reasons it appeared desirable to build a second section, affording a direct route to Vladivostok through the territory of Manchuria, a region under the control of China.

As a preliminary step the Russian Government had chartered the Russo-Chinese Bank in December 1895. Nominally a Russian joint-stock company, this bank had among its founders four of the principal banks in Paris and a number of French financial leaders. The capital, originally 6,000,000 rubles, was later increased to 11,250,000 gold rubles, in addition to 5,000,000 taels subsequently advanced on permanent deposit by the Chinese Government. After its merger with the Banque du Nord in 1910, the bank became known as the Russo-Asiatic Bank.

#### SINO-RUSSIAN TREATY OF 1896

In May 1896, at St. Petersburg, representatives of the Russian and Chinese Governments concluded a secret treaty of alliance, the material portions of which read as follows:

"Article I. Every aggression directed by Japan, whether against Russian territory in Eastern Asia, or against the territory of China or that of Korea, shall be regarded as necessarily bringing about the immediate application of the present treaty.

"In this case the two High Contracting Parties engage to support each other reciprocally by all the land and sea forces of which they can dispose at that moment, and to assist each other as much as possible for the victualling of their respective forces. . . .

"Article IV. In order to facilitate the access of the Russian land troops to the menaced points. and to ensure their means of subsistence, the Chinese Government consents to the construction of a railway line across the Chinese provinces of the Amur [i. e. Heilungkiang] and of Guirin (Kirin) in the direction of Vladivostok. junction of this railway with the Russian railway shall not serve as a pretext for any encroachment on Chinese territory nor for any infringement of the rights of sovereignty of his Majesty the Emperor of China. The construction and exploitation of this railway shall be accorded to the Russo-Chinese Bank, and the clauses of the Contract which shall be concluded for this purpose shall be duly discussed between

the Chinese Minister in St. Petersburg and the Russo-Chinese Bank. . . ."1

# THE CHINESE EASTERN RAILWAY COMPANY

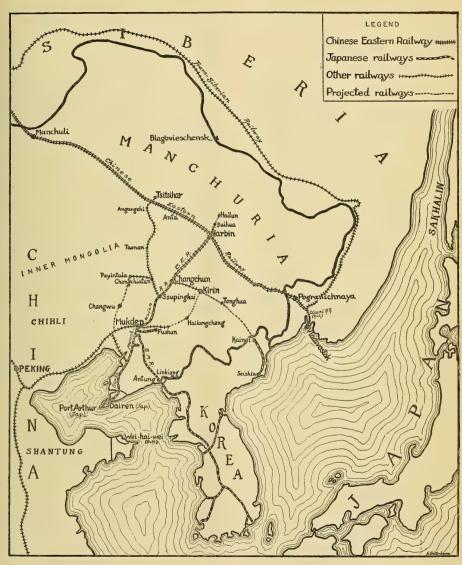
In accordance with the terms of this treaty, a contract was signed in St. Petersburg on September 8, 1896 by the Chinese Minister and delegates of the Russo-Chinese Bank. The Chinese Government agreed to pay the bank 5,000,000 Kuping taels, and to participate in proportion to this amount in the profits and losses of the bank. It granted to the bank a concession for the construction and operation of a railroad establishing direct communication between the city of Chita and the Russian South Ussuri Railway, the easternmost section of the Trans-Siberian system. The bank, for its part, undertook to organize a separate company, the "Chinese Eastern Railway Company," for the actual construction and operation of the railway, under broadly stipulated conditions.

The proposed company was founded as a Russian joint-stock company; its statutes were confirmed by the Imperial Russian Government on December 4-16, 1896 at St. Petersburg. All ceded rights and obligations regarding construction and operation were transferred to the company on that date. The sole control of the line was vested in the company, not merely in connection with the railway, but also with respect to mineral, industrial and commercial exploitation.

The company was capitalized at 5,000,000 rubles, with 1,000 shares. The contract provided that the shares might be held by both Chinese and Russians; the issue, however, was apparently so handled that none of the shares went into Chinese hands. The exact ownership at present of these shares cannot be determined with any degree of accuracy. In addition, bonds were issued under the authorization and guarantee of the Russian Government. These have been estimated at between 350,000,000 and 425,000,000 gold rubles.

The company was granted the right to acquire not only land necessary for the "construction, operation and protection of the line" but also "lands in the vicinity of the

<sup>1.</sup> MacMurray, J. V. A. Treaties and Agreements with China, 1894-1919. Vol. I, p. 81.



Prepared by the Foreign Policy Association

line," for the purpose of procuring sand, stone, lime and other materials not specified. Further provisions gave the company "the absolute and exclusive right of administration of these lands," and the right to erect buildings of all sorts, as well as to construct telegraph lines for the needs of the railway.

China undertook the responsibility of protecting the railway and its employees against any attack. The company, however, claimed the right to employ its own police for the maintenance of order within the railway zone. This right, which was asserted in the statutes of the company, was never recognized by China.

It was further provided that after the expiration of eighty years from the date of completion the railway was to revert to China free of charge. On the expiration of thirty-six years from the completion of the whole line and its opening for traffic, China was to have the option of buying the railway, upon payment in full of capital, debts and interest.<sup>2</sup>

Construction of the Chinese Eastern Railway began in 1897. In 1898 China granted Russia, under pressure, the lease of the Liaotung peninsula. At that time the charter of the Chinese Eastern was extended to permit construction of a branch line from Harbin, on the main line, south to Port Arthur and Dairen. This road was known as the South Manchurian branch of the Chinese Eastern Railway.

In the course of construction the company purchased vast tracts of land which were gradually settled by Russian immigrants; as a result, the railway zone became a sphere for Russian influence. During the Boxer rebellion, 1900, Russian troops occupied the Three Eastern Provinces which constitute Manchuria. Clashes with the Chinese occurred at Blagovieschensk, a Chinese settlement on the Amur River, several thousand Chinese were massacred when driven into the river by Russian troops. The prompt suppression of the Boxer rebellion did not, however, result in the withdrawal of Russian forces from Manchuria.

As a result of protests by the United

States and other foreign powers against Russia's encroachments in Manchuria, Russia concluded a convention with China on March 26-April 8, 1902, by which she agreed to the restoration of Chinese authority in Manchuria and undertook to withdraw her troops within eighteen months, subject to certain conditions.<sup>3</sup>

On July 1, 1903, the Chinese Eastern Railway was opened to traffic, with head offices at Harbin. The total cost of construction was estimated at 350,000,000 rubles. The railway was constructed with a five-foot gauge, in order to correspond to the gauge of Russian railways.

#### THE RUSSO-JAPANESE WAR

Russia's failure to fulfil the terms of the convention of 1902 was one of the main causes of the Russo-Japanese war. By the terms of the Treaty of Portsmouth, 1905, which brought this war to a close, Russia, with China's consent, transferred to Japan the lease of Port Arthur and Dairen, and that part of the Chinese Eastern Railway extending between Changchun and Port Arthur which is now known as the South Manchurian Railway. An additional article of the treaty provided that Russia and Japan both had the right to maintain guards for the purpose of protecting their respective lines in Manchuria. The number of such guards was not to exceed fifteen per kilometer and was to be fixed by agreement between the two countries.4

On December 22, 1905, China and Japan concluded a treaty by which China agreed to the transfer of the above Russian interests to Japan.<sup>5</sup> In an additional agreement Japan stated that she would withdraw her railway guards whenever Russia took similar action.<sup>6</sup> Despite the fact that Chang Tso-lin obliged the Russian guards to withdraw several years ago, the Japanese still maintain guards along the South Manchurian Railway.

The United States on several occasions

Statutes of the Chinese Eastern Railway, MacMurray, op. etc., p. 84. The line was completed in 1903; the option would therefore fall due in 1939.

<sup>3.</sup> Convention with regard to Manchuria, MacMurray, op. cit., p. 326.

<sup>4.</sup> Ibid., p. 522.

<sup>5.</sup> Ibid., p. 549.

<sup>6.</sup> Ibid., p. 551. Cf. F. P. A. Information Service, "Recent Japanese Policy in China," Vol. III, No. 16, October 12, 1927.

raised objections to Russia's interpretation of the Chinese Eastern Railway contract, on the ground that it conflicted with the Open Door policy in China. In November 1909 Secretary of State Knox proposed the flotation of an international loan for the purpose of permitting China to redeem the Manchurian railways prior to the time fixed by the various treaties. His proposal, however, encountered vigorous opposition on the part of Russia and Japan, and failed to win the support of France and Great Britain.

In 1909 Russia and China signed a convention regarding the principles which were to govern municipal administration within the railway zone. This convention was sharply criticized by other States. Russia's special position in North Manchuria, however, was virtually recognized in the Anglo-Russian agreement of April 30, 1914, to which the Netherlands, Belgium, Spain, France, Denmark, Italy and Japan subsequently adhered. By this instrument Great Britain, and later the adhering States, agreed that their subjects living in the railway zone should be taxed on the same basis as the Russian inhabitants, on condition that the taxes be used for the common welfare. The nationals of these States were also to be subject to local regulations, but were to be exempt from arrest by Russian police except in case of breach of the peace. The United States did not adhere to this agreement.

#### INTER-ALLIED CONTROL DURING WORLD WAR

In July 1916 the Czarist government, financially and politically disorganized, concluded a convention with Japan "in regard to cooperation in the Far East." By an additional agreement which has not been officially published, Russia at the same time sold to Japan for 6,000,000 yen seventy-one miles of the Chinese Eastern Railway from Changchun to Laoshaokuo on the Sungari River.

Following the Bolshevist coup d'état in 1917, the Chinese Eastern Railway became the object of conflicting claims. The Russian officials in control of the railway were opposed to the Bolshevist régime, and vigorously supported anti-Soviet forces. Japan, alarmed by the possible effect of the revo-

lution on her interests in Manchuria, concluded a number of agreements with China in 1918, providing for closer cooperation between the two countries in the prosecution of war in the Far East. The railway was used at that time for the transportation of Chinese and Japanese troops which were aiding the White Russians in Siberia.

In order to facilitate the military operations of the Allies in Manchuria and Eastern Siberia, as well as to hasten the evacuation of Czechoslovak prisoners stranded in that region, the Allies placed the Chinese Eastern Railway in 1919 under the supervision of an Inter-Allied Technical Board headed by John F. Stevens, an American railway engineer. An agreement concluded by the United States and Japan in January 1919 provided that the Siberian and Chinese Eastern Railways were to be temporarily operated by the Board with a view to their ultimate return to those in interest, without the impairing of any existing rights.<sup>7</sup>

On October 2, 1920, China entered into an agreement with the Russo-Asiatic Bank. which claimed to be the sole shareholder of the railway. Under this agreement the Chinese Government, in view of the absence of a recognized government in Russia, took over temporarily the supervision of the railway normally exercised by the Russian Government. The Russian administration and police were abolished: their work was entrusted to the local Chinese authorities. A new board of directors was established, with five Chinese and five Russian (anti-Soviet) members, the president being Chinese and the vice-president Russian. agreement was opposed by the Soviet Government, which was not, however, in a position to take any action at that time.

## THE WASHINGTON CONFERENCE, 1921-1922

No agreement was reached at the Washington Conference regarding the disposal of the Chinese Eastern Railway, beyond the following resolution which was unanimously adopted:

"Resolved, That the preservation of the Chinese Eastern Railway for those in interest requires that better protection be given to the

<sup>7.</sup> Agreement Regarding Inter-Allied Supervision of Siberian Railway System, MacMurray, op. cit., p. 82.

railway and the persons engaged in its operation and use; a more careful selection of personnel to secure efficiency of service, and a more economical use of funds to prevent waste of the property.

"That the subject should immediately be dealt with through the proper Diplomatic channels."8

The States represented at the conference, with the exception of China, united in a further resolution which reads as follows:

"The Powers other than China in agreeing to the resolution regarding the Chinese Eastern Railway, reserve the right to insist hereafter upon the responsibility of China for the performance or non-performance of the obligations towards the foreign stockholders, bondholders and creditors of the Chinese Eastern Railway Company which the Powers deem to result from the contracts under which the railroad was built and the action of China thereunder and the obligations which they deem to be in the nature of a trust resulting from the exercise of power by the Chinese Government over the possession and administration of the railroad."

It must further be noted that at this conference the United States, Great Britain, France and Japan concluded a treaty relating to their insular possessions and insular dominions in the region of the Pacific Ocean, commonly known as the Four-Power Treaty. The material portions of this treaty read as follows:

"Article I. The High Contracting Parties agree as between themselves to respect their rights in relation to their insular possessions and

insular dominions in the region of the Pacific Ocean.

"If there should develop between any of the High Contracting Parties a controversy arising out of any Pacific question and involving their said rights which is not satisfactorily settled by diplomacy and is likely to affect the harmonious accord now happily subsisting between them, they shall invite the other High Contracting Parties to a joint conference to which the whole subject will be referred for consideration and adjustment.

"Article II. If the said rights are threatened by the aggressive action of any other Power, the High Contracting Parties shall communicate with one another fully and frankly in order to arrive at an understanding as to the most efficient measures to be taken, jointly or separately, to meet the exigencies of the particular situation." <sup>10</sup>

On October 31, 1922, the Inter-Allied Technical Board at Harbin brought its administration of the Chinese Eastern Railway to a close. In a note of that date the United States confirmed the resolutions of the Washington Conference with respect to the Chinese Eastern Railway and reserved all its rights relating to advances in money and material made directly or indirectly to the railway. The United States reiterated its desire that the railway should ultimately be returned "to those in interest," as well as its concern for the efficient operation of the railway and "its maintenance as a free avenue of commerce open to citizens of all countries without favor or discrimination."

#### CHINA'S RELATIONS WITH RUSSIA, 1920-1924

It has already been pointed out that during the period of civil war and intervention in Russia, China had cooperated with the Allies in their support of anti-Soviet forces. Subsequently, however, the form and methods of the Soviet Government met with considerable sympathy on the part of Chinese students, a number of whom visited Russia and attended Russian universities after 1919. The Third (Communist) International, with headquarters in Moscow, furthered the formation in China of a militant Communist group which would act, it was expected, as an outpost in the world revolution against capitalism and imperialism.

In 1920 a Communist party was organized in China; it pursued an intensive propaganda campaign among students and laborers in Peking, Shanghai and Hongkong.

In August 1922 the Soviet Government sent M. Joffe to China with instructions to open negotiations with the Peking government. The Chinese, however, demanded the evacuation of Outer Mongolia as a condition precedent to negotiations. Finding that China was not yet prepared to resume relations with Russia, M. Joffe left for Japan by way of Shanghai. In Shanghai he visited Dr. Sun Yat Sen, the founder of the Kuomintang party, then in exile. On January 26,

Resolution No. 12, Conference on the Limitation of Armament, Washington, November 12, 1921-February 6, 1922, p. 1658.

<sup>9.</sup> Resolution No. 13, op. cit., p. 1658.

<sup>10.</sup> Washington Conference for the Limitation of Armament, cited, p. 1612.

1923, Dr. Sun Yat Sen and M. Joffe issued a joint statement, in which they agreed that conditions in China were not favorable to the establishment of "the Communistic order or even the Soviet system"; that the Chinese Eastern Railway question in its entirety could be satisfactorily settled at "a competent Russo-Chinese conference," but only after consultation with General Chang Tso-lin, then in control of Manchuria; and that immediate evacuation of Outer Mongolia by Russia was neither imperative nor in the real interest of China.<sup>11</sup>

That Dr. Sun Yat Sen's interest in Communist methods was far from academic may be judged by the fact that in 1924, when he decided to proceed with the reorganization of the Kuomintang, he invited a Russian, Michael Borodin, to become one of his advisers. The Kuomintang Congress held in 1924 voted to admit Communists to the party, provided they accepted Kuomintang principles. The fusion of Communist and non-Communist elements, however, was never completely effected, with the result that frequent conflicts occurred regarding matters of policy.

## THE PEKING AND MUKDEN AGREEMENTS OF 1924

In September 1923 M. Karakhan, now Acting People's Commissar for Foreign Affairs. 12 had arrived in China for the purpose of renewing negotiations with the Peking government. He succeeded in concluding two agreements on May 31, 1924: the "Agreement on General Principles"13 and the "Agreement for the Provisional Management of the Chinese Eastern Railway."14 The first of these agreements provided for the immediate resumption of normal diplomatic and consular relations between the two countries, and constituted recognition of the Soviet Government by China. It laid down the principles on the basis of which the status of the Chinese Eastern Railway was to be definitively determined at a subsequent conference. The Soviet Government conceded to the Chinese Government judicial

and administrative powers in the railway zone. It likewise agreed to the eventual redemption by the Chinese Government, with Chinese capital, of the railway and all appurtenant properties. The future of the line was to be determined solely by the two governments, to the exclusion of any third party or parties.

The agreement, moreover, contained farreaching political provisions. The Soviet Government recognized Outer Mongolia as an integral part of China. It agreed to renounce the special rights and privileges relating to all concessions in any part of China acquired by the Czarist government; to relinguish the rights of extraterritoriality and consular jurisdiction; and to draw up a customs tariff in accordance with the principles of equality and reciprocity. All treaties and agreements concluded by the Czarist government with China were to be annulled at the proposed conference, and to be replaced by new treates and agreements "on the basis of equality, reciprocity and justice." Article VI made important provisions regarding propaganda:

"The Governments of the two Contracting Parties mutually pledge themselves not to permit, within their respective territories, the existence of any organizations or groups whose aim is to struggle by acts of violence against the Governments of either Contracting Party.

"The Governments of the two Contracting Parties further pledge themselves not to engage in propaganda directed against the political and social system of either Contracting Party."

In a declaration attached to the agreement the Chinese Government stated that it "will not and does not recognize as valid any treaty, agreement, etc., concluded between Russia since the Czarist régime and any third Party or Parties affecting the sovereign rights and interests of the Republic of China."

The "Agreement for the Provisional Management of the Chinese Eastern Railway" provided for the establishment of a Board of Directors composed of ten members: five of the members, including the president, were to be appointed by the Chinese Government, and five, including the vice-president, were to be appointed by the Russian Government. The manager of the railway was to be a

The China Year Book, 1928, p. 1318; Williams, E. T. A Short History of China, p. 596-597.
 M. Chicherin and M. Litvinov are both on leave of

<sup>13.</sup> League of Nations Treaty Series, Vol. XXXVII (1925),

<sup>14.</sup> Ibid., p. 194.

Russian, with one Russian and one Chinese assistant general manager. Nationals of the two countries were to be employed on the railway in accordance with the principle of equal representation. In an appended declaration, however, it was stated that "the application of this principle is not to be understood to mean that the present employees of Russian nationality shall be dismissed for the sole purpose of enforcing the said principle." It was further understood "that access to all posts is equally open to citizens of both Contracting Parties, that no special preference shall be shown to either nationality, and that the posts shall be filled in accordance with the ability and technical as well as educational qualifications of the applicants." As late as August 1927 there were 15,000 Russians and 6,000 Chinese employed on the staff of the Chinese Eastern Railway.

#### THE PEKING CONFERENCE

The conference referred to in the "Agreement on General Principles" was finally held in Peking in 1926; no definitive results, however, were achieved. In the meantime the Soviet Government had concluded an agreement on September 20, 1924, in Mukden, with Chang Tso-lin, then Governor of Manchuria, and in open revolt against the Chinese Central Government with which Russia had diplomatic relations. 15 Tso-lin was described in the preamble as "the Autonomous Government of the Three Eastern Provinces of the Republic of China": reference was made to proposed action by the "Republic of China" and by "Chinese authorities." The Mukden agreement summarized the technical provisions of the two Peking agreements, and contained an identical clause with regard to propaganda. It differed from the Peking agreements, however, in specifically providing that the concession period of eighty years mentioned in the original contract of 1896 was to be reduced to sixty years, at the expiration of which "the line with all its appurtenances will pass free of charge to the Chinese Government." There is no evidence that the present Nationalist Government has

Following the conclusion of the Peking and Mukden agreements the Chinese Eastern Railway became the object of a threecornered rivalry on the part of Russia, China and Japan, with control of Manchuria as the ultimate stake. In 1925 Russian ships were deprived of the privilege of navigating the Sungari River. In February 1926 the Chinese authorities attempted to dissociate the land question from that of railroad administration, and closed the land offices which had been functioning for that purpose. In retaliation for this act. and by way of protest against the use of the railroad by Chinese troops without payment of fares in advance, the Russian manager, M. Ivanov, ordered complete suspension of traffic along the entire line. He was arrested by the Chinese, but released at the demand of the Soviet Government. The Chinese authorities insisted in 1927 that half the revenues of the Chinese Eastern Railway. accumulated and future, should be deposited in Chinese banks.

A traffic war between the Chinese Eastern Railway, operated jointly by Russia and China, and the South Manchurian Railway, controlled by the Japanese, threatened for a time the relations of Russia and Japan in Manchuria. A rate agreement was finally concluded, to the effect that 55 per cent of the eastbound traffic of the Trans-Siberian Railway should be diverted to Harbin toward the South Manchurian line, while the remaining 45 per cent should continue over the Chinese Eastern Railway to Vladivostok.

## DECLINE OF COMMUNIST INFLUENCE

In the meantime the tension which had existed between the Communist and non-Communist groups in the Kuomintang since 1924 had reached a breaking-point. General Chiang Kai-shek, who had assumed com-

explicitly recognized the Mukden agreement as valid and binding upon itself. If tacit recognition may be presumed from the fact that the agreement has not been repudiated by the Nationalist Government, the question arises whether the status of the Chinese Eastern Railway is now determined by the Mukden or the Peking agreement.

<sup>15.</sup> The text of this agreement is found in The China Year Book, 1925, p. 787.

mand of the Nationalist armies, was opposed to Communism in China and did not conceal his hostility to the Soviet Government. In 1925 it was reported that the Soviet Government had entered into an agreement with the "Christian General," Feng Yu-hsiang, promising to supply him with arms and money on condition that he should place no obstacles to the spread of Communist propaganda in the districts under his control. In 1927 the Nationalist Government definitely abandoned the policy of cooperation with the Communists, and took drastic measures to suppress Communism in China. The program of the Nationalist Government has since then been severely criticized by General Feng on the ground that it shows an increasing tendency to favor the interests of the bourgeoisie, and to slight the needs of the Chinese proletariat.

The Nationalist Government's attitude toward Communism was not calculated to strengthen its relations with Russia. On April 6, 1927, the Chinese authorities raided the premises of the Russian Embassy in Peking. The Nationalist Government claimed that Soviet agents had used the Embassy as their headquarters in active Communist propaganda directed at the suppression of capitalism and imperialism in China. A number of incriminating documents which, it was alleged, had been found in the office of the Soviet Military Attaché were subsequently published by the Chinese authorities.

The Soviet Government vigorously protested against this raid, declaring that it constituted "an unprecedented breach of the elementary principles of international law." The Nationalist Government replied that members of the Soviet Embassy had violated the Sino-Soviet Agreement of 1924 in so far as it referred to propaganda. The Soviet Government made the following statement in a note dated April 9, 1927:

"Any imperialistic government whose representatives have been submitted to similar acts of violence, would have retaliated with acts of most atrocious repressions. Though the Soviet Government possesses sufficient technical resources to resort to enforcing their demands by repressive

measures, they nevertheless declare that they positively desist from such measures. . . . The Soviet Government was, is and will be guided in their policy by the interests of the toiling masses of the whole world and among others by the interests of the mass of the Chinese people and the labour classes of all countries. In reply to the Peking provocation, which aims at the aggravation of the international situation and tends to change the war that is practically being waged by some imperialistic powers against China, into a new world-war, the Soviet Government declares that they will not let themselves be provoked by anybody and will by all means maintain peace among the nations. The Soviet Government does not doubt that in its endeavor to maintain peace it will have the concerted support of the toiling masses of all countries and. among others, first of all of the people of China and of the U.S.S.R."16

The Soviet Government, unable to obtain satisfaction, recalled its Chargé d'Affaires in April 1927, and thereafter maintained only consular and commercial relations with China. China. Stalin's determination to avoid an open breach with the Nationalist Government was denounced by Trotzky as "opportunism" and "a Menshevik policy of union with Chiang Kai-shek.

The Nationalist Government continued to meet with opposition on the part of the Communist groups in China. In the spring of 1929 it succeeded in suppressing a Communist uprising in Kiangsi. On May 24 General Feng, who had hitherto maintained a neutral attitude, notified the foreign envoys in Peiping (Peking) that he proposed to overthrow the "illegal and unrepresentative government of Nanking," and reiterated his opposition to the bourgeois policy of the Nationalist Government. It was again reported that Feng was receiving financial assistance from the Soviet Government. Acting upon these reports, the Chinese authorities raided the Soviet Consulate-General in Harbin on May 27. No documents directly incriminating Feng, however, appear to have been found.

<sup>16.</sup> The China Year Book, 1928, p. 794.

<sup>17.</sup> For texts of correspondence between the two governments regarding the Peking raid, cf. The China Year Book, 1998, p. 789-820.

<sup>18.</sup> Trotzky, Leon. The Real Situation in Russia, p. 154. York, Harcourt, Brace, 1928, p. 154.

#### RECENT DEVELOPMENTS

The Soviet Government protested against the Harbin raid, and threatened to abrogate the Peking agreement of 1924, by which it had surrendered extraterritorial rights in China. Dr. C. T. Wang, the Chinese Minister of Foreign Affairs, adopted a conciliatory attitude; he denied that the Nationalist Government had had any connection with the Harbin raid, and offered to make a thorough investigation of the matter.

Before such an investigation could take place, the Chinese authorities in Harbin arrested on July 10 over 100 officials and employees of the Chinese Eastern Railway, and immediately escorted a number of them to the border; among them was the Russian managing director, M. Emshanov. General Chang Ching-hui, Governor of the Harbin district, ordered the closing of all branches of the Union of Russian Railway Employees and of the offices of all Soviet corporations in Manchuria. Communication between the Russians in Harbin and the Soviet Government was prevented by the seizure of the telephone and telegraph systems of the railway. Shan Chi-khan, the Chinese assistant general manager, was appointed to take over control of the railway. He announced that a number of White Russians, formerly in the employ of the railway, would now be reinstated.

The president of the Board of Directors of the railway, Lu Yung-huang, stated in an official communiqué that "the present drastic measures" had been made necessary by Russia's non-observance of the Mukden agreement of 1924. Moreover, he said, documents seized in the course of the raid on the Soviet Consulate in Harbin had disclosed active Communist propaganda on the part of all Soviet agencies connected with the railway. He therefore took steps "to safeguard China's interests in the Chinese Eastern Railway. If Russia resorts to retaliatory measures, China is prepared to deal effectively with them."

On July 14 the Soviet Government presented an ultimatum to the Chinese Chargé d'Affaires in Moscow, in which it declared that it would resort "to other means in defense of the legal rights of the Union of Soviet Socialist Republics" unless the Nationalist Government agreed, within three days. to a peaceful adjustment of the Harbin incident. The Soviet Government declared itself willing to enter into negotiations with regard to all questions connected with the Chinese Eastern Railway; such negotiations, however, were conditioned on the immediate release of the arrested Russian citizens, and on the cancellation by the Nationalist Government of all orders relating to the seizure of the railway. To this ultimatum the Nationalist Government replied on July 16 by demanding that the Soviet Government should release all Chinese citizens imprisoned in Russia and should give them adequate protection from possible aggres-Claiming that this answer was unsatisfactory, the Soviet Government recalled its consular and commercial representatives on July 18.

In a manifesto issued on July 21 President Chiang Kai-shek briefly reviewed Sino-Soviet relations since 1920, and emphasized the tolerance which the Nationalist Government had shown in the past toward Soviet representatives in China. Referring to the seizure of the railway, he stated that "such remedial methods of dealing with the situation were within the realm of necessity, because the Chinese Government and people, with their tradition for peace, would never over-reach themselves unless forced to do so."

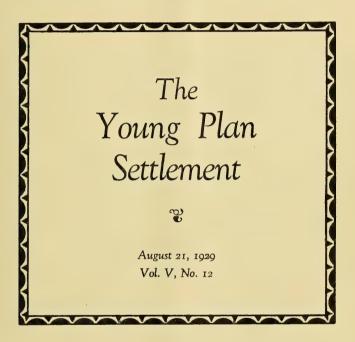
On the same date Dr. C. T. Wang asserted that the Nationalist Government was not hostile to the Soviet Government; it was determined, however, to put an end to Communist propaganda once and for all. "It is absolutely incorrect to infer," he added, "that we have nullified Russian interests in the railway." Finally, he drew a distinction between Russian undertakings in China and other foreign enterprises:

"No power need fear that foreign enterprises in China for legitimate purposes will suffer. It is a fixed policy of the Nationalist Government always to use proper diplomatic procedure according to established principles of international law, for the settlement of outstanding issues with foreign powers."

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### THE YOUNG PLAN SETTLEMENT

by

LEWIS WEBSTER JONES with the aid of the Research Staff of the Foreign Policy Association

#### INTRODUCTION

THE report of the experts' committee on reparation marks a new step in post-war economic history. The economic backwash of the war has subsided and the stream of European commercial development can follow a peace-time course, adjusted to new world conditions.

The Young plan, like its predecessor, the Dawes plan, is an attempt to apply economic intelligence to the solution of the most vexing of the post-war problems disturbing the economic stability of Europe. Whether it will in reality provide a "complete and final settlement of the reparation problem," only the test of experience can show.

The moral and material cost of the World War is beyond computation. Mr. Harvey E. Fisk of the Bankers Trust Company estimates the direct and tangible cost of the war at more than 80 billion dollars in gold, the sum being expressed in terms of the 1913 price level. This figure, large as it is, takes no account of such factors as the economic cost of the destruction of human life, the social and economic losses involved in the collapse of the post-war boom, or the inflation period in Europe. Mr. Fisk declares:

"In 1914 English economists estimated the wealth of the people of Great Britain to be about \$70,000,000,000. All the property of every kind in England, Wales, Scotland and Ireland, the railways, the docks, the shipping traversing every sea, the entire navy, the great factories, the coal, tin and iron mines, in short, all tangible property of every sort and kind is represented by this seventy billion dollars and yet the war cost ten billion dollars more than this, and ten billion dollars is equivalent to the entire national wealth of Australia and New Zealand!"<sup>2</sup>

1. Harvey E. Fisk, The Inter-Ally Debts, 1924, p. 1.

2. Ibid., p. 1.

Allowing for the impossibility of estimating accurately the real cost of the war, Mr. Fisk's figure does convey some impression of its magnitude. The cost of a war is never borne by the generation which fights it. Most European countries were still paying, in 1914, the debts accumulated in past wars. England had not yet paid off the debt incurred during the Napoleonic wars of a century before.

The World War left a vast legacy of internal and external indebtedness, of which war debts and reparation are only a part. Viewed from this broad perspective, war debts and reparation are aspects of the much larger problem of paying for the war.

From a realistic financial point of view, as well as from the point of view of the European countries concerned, war debts and reparation are inseparably linked. In their legal and moral aspects as intergovernmental obligations, however, the two forms of indebtedness rest upon an entirely different basis.

## REPARATION FOR WAR DAMAGES

German reparation obligations are imposed upon Germany by the Treaty of Versailles. Carl Bergmann, the German historian of reparation, says, in defining the meaning of reparation, "The word 'reparation' since the war has acquired a special meaning, and is understood to signify the obligation of the vanquished, and of Germany in particular, to repair the damages suffered by the victors."

<sup>3.</sup> Carl Bergmann, The History of Reparation, 1927, p. 3.

Under the provisions of the Treaty of Versailles, Germany and her allies accepted responsibility "for causing all the loss and damage to which the Allied and Associated Governments and their nationals have been subjected as a consequence of the war imposed upon them by the aggression of Germany and her Allies." Article 232 of the Treaty of Versailles required Germany to pay the entire war debt of Belgium and to "make compensation for all damage done to the civilian population of the Allied and Associated Powers and to their property during the period of the belligerency of each as an Allied or Associated Power against Germany by such aggression by land, by sea and from the air, and in general all damage as defined in Annex I hereto," According to the terms of Annex I, in addition to the payments for reconstruction of the devastated regions and for a long list of other damages, Germany could be made liable for pensions and separation allowances paid by governments of the Allied and Associated Powers.

The Treaty of Versailles provided for the appointment of a reparation commission to fix the total bill against Germany, and to supervise German payments. On April 27, 1921, the Reparation Commission fixed Germany's obligation at 132 billion gold marks, exclusive of the Belgian war debt priority of four billion gold marks (\$32,000,000,000 in all).

On May 3, 1921, Germany was forced to accept the London Schedule of Payments, which determined the amount of annuities she was to pay. The reparation situation and Germany's financial condition went from bad to worse during the next two years, until on January 9, 1923 Germany was declared in voluntary default in the delivery of coal; and on January 11 the French and Belgian troops occupied the Ruhr. On January 26, the Reparation Commission declared Germany in general default, and from this time on Germany's already strained financial structure became completely demoralized.

Out of this situation, which threatened the economic stability of all Europe, came the

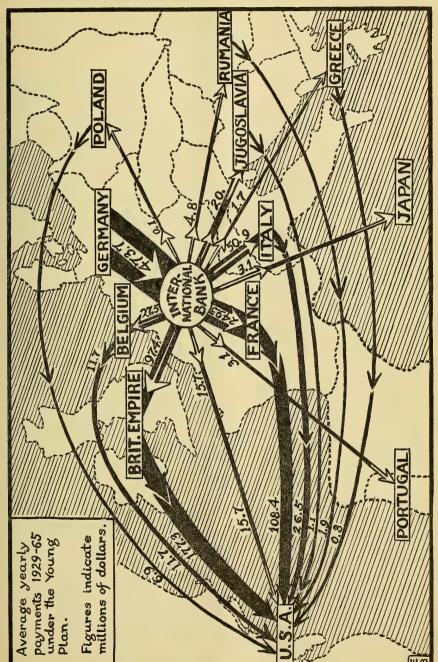
practical expedient of a committee of financial experts to examine German currency and the German budget. This committee, under the chairmanship of General Charles G. Dawes, met in Paris on November 30, 1923, and formulated a plan which has provided a practicable schedule of payments for Germany for the last five years.

While the Dawes plan has fulfilled the purposes for which it was proposed, it was at best only a temporary bridge, and was not intended as a final solution. Its work has been carried to completion by the second committee of financial experts, which, under the chairmanship of Owen D. Young, on June 7, 1929, presented a plan for permanent settlement of the reparation question.

Germany's reparation liabilities are, therefore, based originally upon the Treaty of Versailles, which charged Germany with full responsibility for the war. Germany was economically unable to bear the full charges imposed upon her by the Reparation Commission. During the ten years which have elapsed since the Treaty of Versailles, opinion has been gradually modified until, more and more, reparation is coming to be regarded as a means of making Germany pay what is considered a fair share of the cost of the war.

#### DEBTS FOR VALUE RECEIVED

The war debts of the Allied Governments to the Government of the United States have a very different origin, and rest upon an entirely different basis. They were contracted for the purpose of paying for war supplies purchased by those governments in the United States, so that, in other words, the Government of the United States accepted the notes of the various Allied Governments for value received in the form of munitions and other supplies. There is nothing in the various acts passed by Congress authorizing these loans to indicate that they involved anything other than a purely business trans-According to available records, action. there is no evidence whatsoever that the United States Government ever officially regarded the Allied debts to the United States in any other light.



The Young Plan and Payments to the United States

As early as June 26, 1920, Secretary Houston, in a memorandum to Sir Auckland Geddes, the British Ambassador, stated:

"It has been at all times the view of the United States Treasury that questions regarding the indebtedness of the government of the United Kingdom of Great Britain and Ireland to the United States Government and the funding of such indebtedness had no relation either to questions arising concerning the war loans of the United States and of the United Kingdom to other governments or to questions regarding the reparation payments of the Central Empires of Europe. These views were expressed to the representatives of the British Treasury constantly during the period when the United States Government was making loans to the government of the United Kingdom and since that time in Washington, in Paris and in London."4

On November 3, 1920, President Wilson, in replying to a communication from Mr. Lloyd George, said:

"The United States fails to perceive the logic in a suggestion in effect either that the United States shall pay part of Germany's reparation obligation or that it shall make a gratuity to the Allied Governments to induce them to fix such obligation at an amount within Germany's capacity to pay. This Government has endeavored heretofore in a most friendly spirit to make it clear that it cannot consent to connect the reparation question with that of intergovernmental indebtedness."

The policy thus set forth by President Wilson and Secretary Houston has been strictly adhered to both by Congress and by succeeding administrations. In passing the act creating the World War Foreign Debt Commission in 1922, Congress explicitly pro-

vided that the commission had no authority to exchange bonds or other obligations "of any foreign government for those of any other foreign government or cancellation of any part of such indebtedness except through payment thereof."

The only change in the attitude of Congress has been to authorize the various debtfunding agreements which were negotiated by the Debt Funding Commission. The United States Government, therefore, refuses to recognize any connection between reparation obligations which were imposed upon Germany by the victors in the war and the debts of the Allies to the United States which were contracted for the purpose of paying the United States for goods purchased in this country.

In their purely financial aspects, however, war debts and reparation are only aspects of the larger problem of paying for the war. The reparation settlement proposed by the Young committee definitely recognizes this connection by making German payments conform to the "outpayments" of the Allied Governments.

This report attempts to review impartially the more important factors involved in the whole problem of intergovernmental indebtedness arising out of the war. It reviews the proposed Young plan settlement, and shows its relationship to the Dawes plan and to the debt-funding agreements. Finally, it attempts to point out some of the larger economic implications involved in the financial liquidation of the war.

#### REVIEW OF THE DAWES PLAN

The Dawes plan has been in operation since September 1, 1924. If the Young plan is adopted, the Dawes plan will cease to operate on September 1, 1929. During these five years the plan has worked smoothly, and Germany has met all of her payments in accordance with the conditions set forth. The Dawes plan, however, as its originators foresaw, was unsatisfactory in several particulars. In the first place, it left indefinite the total amount that Germany should be re-

The Dawes plan established a "standard" German annuity of 2,500,000,000 marks (\$595,000,000) for an indefinite period, subject to increase upon the application of an "index of prosperity" to Germany's economic condition. Beginning on September 1, 1924.

German payments were graduated up to the

quired to pay. Secondly, it imposed upon

Germany an elaborate system of interna-

tional economic supervision and control,

which neither Germany nor the Allies de-

sired to see continued indefinitely.

<sup>4.</sup> H. G. Moulton, "The Inter-Allied Debts; Their Origin and Present Status," Current History, June, 1929, p. 371.

<sup>5.</sup> Ibid., p. 371.

standard payment, which was reached in the annuity year 1929-1930. These payments and the source from which they were derived are set forth as follows:

#### SCHEDULE OF ANNUAL GERMAN PAYMENTS

(In millions of gold marks)

	First year	second	third	fourth	fifth
From railways	200	595	550	660	660
From reparation loan	800				
From transport tax		250	290	290	290
From industries		125	250	300	300
From sale of preference shares of the					
railway company		250			
From ordinary budget resources			110	500	1,250
Supplementary budget contribution			300		
			—		
Totals	1,000	1,220	1,500	1,750	2,500

The Dawes plan provided that a portion of German payments should be made in kind; that is, by the delivery of actual goods and services to the creditor powers. It also required Germany to lay aside for reparation payments certain revenues which could not be used for any other purposes.

Germany therefore set aside the revenues derived from alcohol, tobacco, beer, sugar and customs. These revenues are under the supervision of a Commissioner of Controlled Revenue who sees to it that the funds are properly administered and that they are actually turned over to the reparation account. The railways, the Bank of Issue and German Railway Bonds are also placed under the control of foreign commissioners under the general supervision of the Agent General for Reparation Payments.

The Dawes plan was only a temporary expedient. It was generally agreed that sooner or later a permanent and more satisfactory settlement must be sought. S. Parker Gilbert, the American Agent General for Reparation Payments, took the initiative in suggesting a reconsideration of the whole matter. In the Report of the Agent General of December 10, 1927, he declared:

"As time goes on, and practical experience accumulates, it becomes always clearer that neither the reparation problem, nor the other problems depending upon it, will be finally solved until Germany has been given a definite task to perform on her own responsibility, without foreign supervision and without transfer protection. This, I believe, is the principal lesson to be drawn from the past three years, and it should be constantly in the minds of all concerned as the execution of the Plan continues to unfold."

#### WORK OF THE YOUNG COMMITTEE

At a meeting in Geneva on September 16, 1928, the representatives of Germany, France, Great Britain, Italy, Belgium and Japan unanimously decided to establish a new committee of experts to work out "a complete and final settlement of the Reparation problem." After some delay the committee was finally appointed, and its first formal meeting was held in Paris on February 11, 1929, when Owen D. Young, one of the American delegates, was elected chairman.

The committee consisted of the following members:

Belgian experts:

M. Emile Francqui, M. Camille Gutt: alternates; Baron Terlinden, M. H. Fabri.

French experts:

M. Emile Moreau, M. Jean Parmentier: alternates; M. C. Moret, M. Edgar Allix.

German experts:

Dr. Hjalmar Schacht, Dr. A. Voegler: alternates; Dr. C.

Melchior, Dr. L. Kastl.6

British experts:

Sir Josiah Stamp, G. B. E., Lord Revelstoke, G. C. V. O.: alternates; Sir Charles Addis, K. C. M. G., Sir Basill Blackett, K. C. B., K. C. S. I.<sup>7</sup>

<sup>6.</sup> On May 23 the German Government appointed L. Kastl a member of the committee, in the place of Dr. Voegler, who resigned the previous day.

<sup>7.</sup> Lord Revelstoke died on April 19, and Sir Charles Addis was appointed to succeed him.

Italian experts: Dr. Alberto Pirelli, M. Fulvio

Suvich: alternates; M. Giuseppe Bianchini, M. Bruno

Dolcetta.

Japanese experts: Kengo Mori, Takashi Aoki: alternates; Saburo Sonoda,

Yasumune Matsui.

American experts: Owen D. Young, J. P. Mor-

gan: alternates; Thomas N. Perkins, T. W. Lamont.

The terms of reference of the Young committee were set forth in the following words:

"The Belgian, British, French, German, Italian and Japanese Governments, in pursuance of the decision reached at Geneva on September 16, 1928, whereby it was agreed to set up a committee of independent financial experts, hereby entrust to the committee the task of drawing up proposals for a complete and final settlement of the reparation problem.

"These proposals shall include a settlement of the obligations resulting from the existing treaties and agreements between Germany and the creditor powers. The committee shall address its report to the governments which took part in the Geneva decision and also to the Reparation Commission."

In carrying out this mandate, the committee of financial experts, after more than seventeen weeks of deliberation, submitted its report to the governments concerned on June 7, 1929. This report, with notes and appendices, covers about 45,000 words. At the very outset it commends the spirit of the Dawes committee, and declares that "it is in this spirit that the present Committee have addressed themselves to rounding off the work of their predecessors, which was advisedly left incomplete. By determining the number and amount of the annuities, and by providing for the conversion of the reparation debt from a political to a commercial obligation, they have to the best of their ability, tried to perform the task committed to them of devising a scheme which might fairly be accepted by all parties concerned."

## THE COMMITTEE'S REPORT

The outstanding features of the report of the Young committee are:

- 1. The establishment of a system of annuities extending over a period of 58½ years, from September, 1929 to March 1, 1988.
- 2. The provision that the last 22 years of Germany's payments should be paid out of a portion of the profits of the Bank of Interna-

tional Settlements, on condition that Germany makes a long-term deposit with the bank.

- The recommendation that the system of deliveries in kind, which prevailed under the Dawes plan, should be continued only for the limited period of ten years, and in decreasing amounts.
- 4. The division of German payments into two categories; postponable and non-postponable annuities.
- 5. The protection of Germany by the provision that "the German Government by giving at least ninety days' previous notice shall have the right to suspend for a maximum period of two years from its due date all or part of the transfer of that part of the annuity described as postponable."
- 6. The provision of a means for mobilizing and commercializing a portion of the reparation obligations.
- 7. The abolition of the Reparation Commission and the administrative arrangements of the Dawes plan.
- 8. The establishment of a Bank of International Settlements to serve as administrative agent and trustee for German reparation payments, as well as to carry on international banking functions of a more general kind.

#### ANNUITIES UNDER THE YOUNG PLAN

The Young plan sets up a definite schedule of payments for Germany, running over a period of 58 years. For the first 37 years, Germany is required to pay an average annuity of \$473,700,000, to be distributed among the creditor powers as follows:

# AVERAGE RECEIPTS FOR THE FIRST 37 YEARS UNDER THE YOUNG PLAN8

(In millions of dollars) Amount Percentage France ..... 249.3 52.7 British Empire ... 97.4 20.6 10.7 Italy ..... 50.9 27.5 5.8 Belgium ..... Rumania ..... 4.8 1.0 20.0 4.2 Serbia ..... Greece .... 1.7 .4 Portugal ..... 3.1 .7 .7 Japan ...... 3.1 Poland ..... 0.12 .03 U. S. A. ..... 15.7 3.3 Total ..... 473.7 100.0

For the remaining twenty-two years German payments are substantially reduced and special provisions are made for their payment.

<sup>8.</sup> Cf. Annex I, p. 218. In this table and all others where amounts are expressed in dollars, \$0.2382 has been used as the equivalent of the mark.

The Young plan provides that German payments be divided into postponable and non-postponable annuities. The non-postponable annuities amount to about \$157,-000,000 and run for 37 years. France receives about \$120,000,000 of this, and part of it is used to cover the service on the German external loan of 1924. In case Germany's exchange and economic life are seriously endangered, the German Government, by giving at least 90 days' notice, shall have the right to suspend transfer, for a maximum period of two years, of the postponable portion of the annuities, subject to the supervision of a special committee consisting of the governors of the central banks and four coopted members. "At any time when postponement of transfer is in effect, but not until one year after it has become effective. the German Government shall have the right to postpone payment for one year of 50 per cent of any sum the transfer of which shall then be susceptible of postponement. . . ." This percentage may be increased upon the recommendation of the Advisory Committee. The liability of the German Government with regard to postponed annuities obtains, however, until these payments have actually been transferred in full to the Bank of International Settlements.

## SOURCE OF PAYMENTS

The annuities are to be derived from two sources: (1) the German Railway Company, and (2) the Budget of the Reich.

Under the German railway law of August 30, 1924, which was enacted in accordance with the provisions of the Dawes plan, the German Railway Company is subject to a mortgage of 11,000,000,000 gold marks. The bonds issued under this obligation bear interest at 5 per cent, and carry a sinking fund of 1 per cent, which first became operative on September 1, 1927, interest and sinking fund being guaranteed by the German Government.

The Young plan recommends the abolition of the Railway Bonds along with all foreign participation in the management of German railways, and in its place recommends that "the Railway Company shall be under an obligation to pay for 37 years a direct tax comprising if necessary the Transport Tax

to an annual amount of 660,000,000 reichsmarks (\$157,000,000), being equal to the non-postponable annual amount of the annuity. This tax shall be imposed by German legislation, and the receipts therefrom guaranteed by the German Government. The Railway Company shall deposit with the Bank of International Settlements a certificate acknowledging its liability in respect of this obligation."

The obligation thus imposed upon the German Railway is to enjoy priority over any other tax upon this railway which exists now, or which may be levied in the future. It is given priority over any other charge, by way of mortgage or otherwise, on the company. It is to be paid directly into the Bank of International Settlements.

Aside from the German Railway Company contribution, the only other source for the payment of the German annuities for the first 37 years is the budget. Under the Dawes plan, the contribution from the government budget in the "standard" years amounted to 1,250,000,000 gold marks (about \$297,500,000). As the amount contributed by the German Railway Company continues for 37 years at the fixed level of 660,000,000 reichsmarks, the charge on the budget of the Reich varies with the total amount of the annuity. In the second year, therefore, the budget contributes 1.137,-400.000 reichsmarks (\$270,700,000) and rises to a maximum of 1,768,800,000 reichsmarks (\$421,000,000) in the 37th year. After that, the contribution from the German Railway ceases, the annuity falls sharply, and the budget contribution covers the whole of the German liability for the remainder of the duration of the plan.

#### LAST TWENTY ANNUITIES

In paying the last twenty-two annuities, Germany will be assisted by the profits of the Bank of International Settlements. Twenty-five per cent of the profits of the Bank of International Settlements will be paid into a special fund, to be used in paying the last twenty-two annuities, providing Germany elects to make a long-term deposit with the bank, amounting to 400,000,000 reichsmarks. Seventy-five per cent of the yearly net profits will go to the governments

or central banks of the creditor countries or Germany which maintain time deposits with the bank in proportion to the size of the deposits maintained by the respective governments. If Germany elects to make a deposit amounting to less than 400,000,000 reichsmarks, the participation of the German Government in the fund will be reduced proportionately and the balance will be added to the seventy-five per cent available to the creditor governments. This fund will carry compound interest at the maximum current rate paid by the bank on time deposits. In case the fund should exceed the amount required to pay the last twenty-two

annuities, the balance will be distributed among the creditor governments in proportion to the outpayments on account of war debts during that period.

#### PAYMENTS IN KIND

In settlement of a proportion of her annuities, the Young plan provides that Germany shall continue making deliveries in kind for the limited period of ten years, and in decreasing amounts. The amount and distribution of the deliveries in kind are shown in the following table:

#### DELIVERIES IN KIND

(In Millions of Dollars)

Year	Total	France	Gt. Britain	Italy	Belgium	Japan	Yugoslavia	Portugal	Russia	Greece
1st	178.7	97.3	41.2	17.9	8.0	1.3	8.9	1.3	2.0	.7
2nd	166.7	90.8	38.5	16.7	7.5	1.2	8.3	1.2	1.8	.7
3rd	154.8	84.3	35.7	15.5	7.0	1.2	7.7	1.2	1.7	.6
4th	142.9	77.8	33.0	14.3	6.4	1.1	7.1	1.1	1.6	.6
5th	131.0	71.3	30.2	13.1	5.9	1.0	6.6	1.0	1.5	.5
6th	119.1	64.9	27.5	11.9	5.4	.9	6.0	.9	1.3	.5
7th	107.2	58.3	24.7	10.7	4.8	.8	5.4	.8	1.2	.4
8th	95.3	51.9	22.0	9.5	4.3	.7	4.8	.7	1.0	.4
9th	83.4	45.4	19.2	8.3	3.7	.6	4.2	.6	.9	.3
10th	71.5	39.0	16.5	7.2	3.0	.5	3.6	.5	.8	.3
Distribution										
Percentag	e 100.0	54.45	23.05	10.0	4.5	0.75	5.0	0.75	1.1	0.4

# MOBILIZATION AND COMMERCIALIZATION

The Young plan provides that Germany's debt shall be fixed in the form of annuities, and that a certificate of indebtedness representing these annuities shall be delivered to the bank as trustee of the creditor powers. "To this certificate of indebtedness shall be attached coupons representative of each annuity payable by Germany. Each annuity coupon shall be divided into two parts, the first representative of the portion of the annuity not subject to postponement, and corresponding to the portion of Germany's indebtedness which is mobilizable, the second representative of that portion of the annuity which is subject to transfer postponement, and corresponding to the portion of Germany's indebtedness which is not mobilizable." Upon the request of any of the creditor governments, the bank may, at its discretion, require Germany to issue bonds for all or any part of the non-postponable annuities, these bonds to be sold upon the open market.

France will be the chief beneficiary under this provision. "The experts of the principal creditor powers have agreed that there shall be assigned to France out of the unconditional annuities, 500,000,000 reichsmarks, in order to allow her to mobilize a substantial part of her share in the total annuities."

#### THE INTER-NATIONAL BANK

In order to establish permanent peace-time machinery for the expeditious collection and transfer of reparation payments, the Young plan recommends the establishment of a Bank of International Settlements. At the same time, the committee recommends the abolition of the present machinery and control of the Dawes plan and the Reparation Commission. The considerations which led to the elaboration of the bank plan were:

the necessity of some international agency to act as trustee for the reparation obligations; the need of a common center of action and authority for the purpose of organizing and controlling the mobilization and commercialization of reparation; the need for special machinery to finance and supervise deliveries in kind and to act in connection with the declaration of any postponement of the postponable part of Germany's annuities; and the need for some agency of transfer which would recognize the larger aspects of the transfer problem, and thus be prepared to promote the increase of world trade by financing projects, particularly in undeveloped countries, which might otherwise not be attempted by the ordinary banking agencies. Although, as the committee points out, "the essential Reparation functions of the bank were such as to form a solid reason for its existence," the committee was "led inevitably to add to those reasons the auxiliary but none the less material advantages it might have in the general position of present international finance."

The Young plan makes it clear that the operation of the Bank of International Settlements "will be assimilated to ordinary commercial and financial practice" and aside from its functions in connection with reparation, the committee is careful not to limit unduly the scope of its operations. The purpose of the bank as set forth in the plan is "to provide additional facilities for the international movement of funds, and to afford a ready instrument for promoting international financial relations. In connection with the German reparation annuities. it shall perform, as trustee for the creditor countries, the entire work of external administration of this plan, shall act as the agency for the receipt and distribution of funds, and shall supervise and assist in the commercialization and mobilization of certain portions of the annuities."

## ORGANIZATION OF THE BANK

For the purpose of taking the preliminary steps for putting the bank project into effect, a temporary organization committee is to be formed. This committee is to be appointed by the governors of the central banks of the seven countries to which members of the Young committee belong. governor of each of these seven central banks is entitled to have two members of the organization committee. With American policy in mind, it is provided that if for any reason the governor of any of these central banks is unable officially or unofficially to designate members of the organization committee, the governors of the other central banks are authorized to invite two fellownationals of the governor not participating to act as members of the committee. Decisions will be made by a three-fourths vote of the members of the committee. The organization committee is instructed to draw up a charter for the bank in accordance with the conditions outlined by the Young committee. They are instructed to arrange for "such matters as are usual in banking organization and in particular provide for the following:

- "1. The qualifications for membership on the board of directors.
- "2. The nature and duties of the permanent committees of the Board of Directors, including the executive committee.
- "3. The administrative departments to be created within the bank.
- "4. The time and place of the meetings of the Board of Directors and of the executive committee.
- "5. The form to be used for the convocation of the general meeting, as well as the conditions and the methods for exercising voting rights on the part of representatives of central banks.
- "6. The form of trust certificates which the bank shall issue to the creditor governments under the plan.
- "7. Provisions with regard to liquidation of the bank."

#### DIRECTORATE AND MANAGEMENT

The entire administrative control of the bank is to be vested in a Board of Directors, to be constituted as follows: The governor or the chief executive officer of the central bank of each of the seven countries to which members of the Young committee belong, or a person nominated by him, will be ex-officio director of the bank. Each of these exofficio directors is empowered to appoint another national of his country to a directorship. During the period of German annuities, the governor of the Bank of France and

the president of the Reichsbank may, if they desire, each appoint one additional director of their own nationality. The governor of the central banks of each of the other countries participating in the share-ownership of the bank is empowered to nominate four candidates of his own nationality, two of whom are to be representative of finance and two of industry or commerce. The governors of the central banks may themselves be included in the list of nominees. From these lists the fourteen or sixteen directors from the seven countries originally participating in the Young plan will choose not more than nine other directors. The Board of Directors will elect its own chairman. Ordinary decisions of the board will be made by simple majority vote, but a change in the statutes of the bank requires a twothirds majority.

#### SHARE CAPITAL

The authorized capital of the bank will be "the round equivalent of \$100,000,000." Only 25 per cent of each share will be paid in at the time of the organization of the bank. The seven countries represented on the Young committee will always be allocated shares in equal amounts. The central banks, or other banking groups to which there is no objection by any member bank of the seven countries, will guarantee the subscription of the whole of the first stock issue. They may, however, permit central banks or banking groups in other countries to buy stock in the first issue, not exceeding the equivalent of \$4,000,000 for each, and \$44,000,000 in all. If the authorized capital of the bank should be increased, the distribution of additional shares among countries will be decided by a two-thirds majority of the directors in proportion to the distribution of the original shares. In order to keep the control in the hands of the seven original member countries, it is provided that the total shares issued in the seven countries shall not fall below 55 per cent of the total stock.

Although the shares are owned by private individuals, voting rights are held only by the central or other participating banks, in proportion to the number of shares origi-

nally issued in the respective countries. These voting rights will be exercised by representatives of the participating banks in the general meeting of the Bank of International Settlements, which takes the place of a general meeting of shareholders.

The Young plan sets forth in some detail the functions of the bank and the scope of its operations. These may be classified under two general heads: first, its reparation function as a trustee and depository for German payments; and second, its more strictly banking functions, and its general relationship to world financial institutions.

## THE TWO PLANS COMPARED

The Young plan brings an entirely new solution to the reparation problem.

The Dawes plan was definitely an emergency measure. Its function was to provide a breathing spell until the economic and emotional upheavals of the war should have subsided, and the whole problem could be reconsidered in a new spirit. The Young committee met, charged with the responsibility of making a final settlement on a sound economic basis and so giving Europe the financial certainty which every country so much desired.

For the first time in the history of the reparation controversy, Germany has participated on a basis of equality with the governments of the Allied Powers in the deliberations of the Young committee. Moreover, the Young plan grants financial autonomy to Germany. It abolishes the Reparation Commission, the Transfer Committee, and the whole system of pledged revenues, foreign supervision and control.

The Young plan provides a system of annuities covering a period of 58 years. For the first 37 years, the average annuity will be more than \$100,000,000 less than the standard annuity set up by the Dawes plan, and in the last twenty-two years German payments are still further reduced, and provision is made under certain conditions for their payment out of the profits of the Bank of International Settlements. The loss to the creditor countries involved in this reduction

in the German annuities is, however, offset by the advantages of certainty, and the mobilization and commercialization features of the new plan.

The report of the Young committee summarizes the advantages of the new plan in comparison with the Dawes plan as follows:

"The proposed plan continues and completes the work begun by the Dawes Plan, which the position alike of Germany and of the other countries made it impossible to do more than indicate in outline in 1924. By the final reduction and fixation of the German debt, by the establishment of a progressive scale of annuities, and by the facilities which the new bank offers for lessening disturbance in the payment of the annuities, it sets the seal on the inclusion of the German debt in the list of international settlements. If it involves appreciable reduction of payments to the creditor countries on what might have been anticipated under the continued operation of the Dawes Plan, it at the same time eliminates the uncertainties which were inherent in that plan, and were equally inimical to the interest of the debtor and to the creditors, by substituting a definite settlement under which the debtor knows the exact extent of his obligations."

#### THE YOUNG PLAN AND THE INTER-ALLIED DEBTS

Perhaps the most distinctive feature of the Young settlement is the clear and unmistakable recognition of the economic and financial connection between war debts and reparation.

In the first place, the period over which German reparation payments are to run is made to correspond with the period of the war debt payments. In the second place, the amounts of the German annuities and the condition of their payment are explicitly related to what the Young report discreetly designates as "outpayments" of the Allied countries.

The French Chamber of Deputies in ratifying the Mellon-Berenger Agreement on July 21, 1929 made it clear that French payments to the United States were dependent upon receipts from Germany. The Chamber of Deputies ratified the agreement without reservations, but in a separate resolution declared that the charges imposed upon France by the two accords should be covered by German reparation payments. Thus, if Germany should default in her payments to France under the Young plan, the French Government would doubtless ask the United States and Great Britain for a revision of the debt agreements.

In a special memorandum of the principal creditor powers and of Germany, signed concurrently but not as a part of the Young report, it was agreed that the amounts in the table that follows will be required to cover "outpayments."

#### "OUTPAYMENTS" TO BE COVERED BY GERMAN ANNUITIES<sup>10</sup>

Annuity	(Millions of dollars)	Annuity	(Millions of dollars)
year	uonars)	year	donars)
2		26	
3	224.5	27	358.3
4	237.1	28	357.1
5	050.5	29	070.0
6	285.6	0.0	000 5
7		31	
8		32	363.3
9	317.8	33	367.6
10	321.2	34	365.6
11	327.5	35	368.6
12	354.3	36	0.00 =
13	0.40 #	37	0740
14	0.1.0.0	38	0.000
15	0.45 =	39	0.00
16	0.10.0	40	OFF 4
17	0.40.0	41	0.50 5
18	0.45.0	42	004.0
19	0505	43	0040
0.0	010 =	4.4	0000
21	348.1		387.1
22	358.2	46	387.7
23	354,3	47	389.3
24	355.2	48	390.1
25	356.8	49	391.7
	000.0		001.1

The memorandum further provides that Germany shall profit by any reduction in war debt payments by stating that "in the event of modifications of those obligations for outpayments by which the creditors benefit, there should be some corresponding mitigation of the German annuities. . . . Any relief which any creditor power may effectively receive in respect of its net outward payments on account of war debts, after making due allowance for any material or

<sup>9.</sup> Report of the Experts' Committee, 1929, Part XI.

<sup>10.</sup> Special Memorandum of the Experts of the Principal Creditor Powers and of Germany Regarding Outpayments. Signed concurrently with the report of the Committee of Experts.

financial counter-considerations, and after taking into account any remissions on account of war debt receipts which it may itself make, shall be dealt with as follows:

"As regards the first 37 years,

"a. Germany shall benefit to the extent of 2/3 of the net relief available by way of a reduction in her annuity obligations thereafter.

"b. One-third of the net relief shall be retained by the creditor concerned in addition to the amounts otherwise receivable from Germany.

"c. Nevertheless, so long as any liability of Germany persists in respect of the period after the 31st March, 1966, the creditor concerned will retain annually only ¼ part of the net relief, the balance being paid to the Bank of International Settlements.

"d. These payments to the Bank of International Settlements shall accumulate to assist Germany toward meeting her liabilities in respect of the period after the 31st March, 1966..."

As regards the last twenty-two years, the plan provides that the whole of any reduction in the amount of the war debts shall be applied to the relief of Germany's liabilities.

## THE YOUNG PLAN AND AMERICAN POLICY

Athough Americans have played a conspicuous and indispensable part in helping to solve the reparation problem, the United States Government has maintained throughout an official aloofness. Roland W. Boyden and later James A. Logan unofficially represented the United States on the original Reparation Commission. Secretary Hughes. in a speech at New Haven on December 29, 1922, was the first to propose a committee of experts to examine Germany's reparation problem. On the first committees of financial experts, General Charles G. Dawes, Owen D. Young and Henry M. Robinson played conspicuous rôles. Owen D. Young and S. Parker Gilbert acted successively as Agent General for Reparation Payments under the Dawes plan. And Owen D. Young, J. P. Morgan, T. W. Lamont and T. N. Perkins took a leading part in the formulation of the Young plan. Throughout all this, however, the United States Government has refused its official participation.

Except for American claims for the cost of the Army of Occupation, and mixed claims of American citizens against Germany, the United States has no interest in

German payments. It has taken the attitude that reparation is essentially a European problem in which the New World has no con-American policy toward reparation is derived from two sources; first, its traditional foreign policy of remaining aloof from the affairs of Europe; secondly, and what is probably more important, its refusal to recognize any connection between reparation on the one hand and the payment of war debts on the other. According to the official American view, the collection of reparation by the Allied Governments has nothing whatsoever to do with the obligations of the Allied Governments to the United States for supplies purchased in this country by the Allies. As previously pointed out in this report, the United States has consistently pursued this policy under both Democratic and Republican administrations.

While the United States has, in concluding debt-funding agreements with its debtors, expressly followed the principle of capacity to pay, and while it seems sufficiently obvious that the ability of the Allied Governments to pay their war debts to the United States must be to some extent dependent on their success in collecting reparation payments, there are nevertheless reasons for the insistence of the United States Government on the different character of these two forms of obligation. Upon this distinction rests the whole case for the collection of the war debts.

The United States is the only nation which emerged from the war without foreign financial obligations. During the war the United States financed her own war activities, and in addition loaned more than \$10,000,000,000 to foreign countries, entirely by taxing and borrowing from her own people. At the outbreak of the European war the public debt of the United States was negligible, amounting to less than \$1,000,000,000; at the close of the war, in spite of drastic increases in rates of taxation, the public debt of the United States stood at about \$27,000,000,000.

If there should be a general cancellation, as proposed, for example, by Great Britain, the United States, as the general creditor, would suffer the greatest immediate loss.

On June 18, 1929, President Hoover made it clear that the United States was not a party to the Young agreement. He said:

"Our government is not a party to that agreement and therefore would not be a signatory to it. There is no occasion to submit the agreement to Congress. The only point for Congressional action is an authority to the Administration to reduce Germany's treaty obligations in respect to the comparatively minor items of army occupation costs and mixed claims."11

In the effort to avoid even an appearance of participation in the collection of reparation, Secretary Stimson on May 16, 1929 announced that the United States would not be a member of the Bank of International Settlements. He said:

"While we look with interest and sympathy upon the efforts being made by the committee of experts to suggest a solution and settlement of the vexing question of German reparation, this government does not desire to have any American official, directly or indirectly, participate in the collection of German reparation through the agency of a bank or otherwise." 12

The policy of the administration will mean that some American bank other than the Federal Reserve Bank will unofficially participate in the international bank. The Young plan provides that if for any reason the governor of any of the central banks should be unable to participate officially or unofficially in the establishment of the Bank of International Settlements, the governors of the other central banks will invite two fellow-nationals of the governor not participating to act in his place.

## POSITION OF THE PRINCIPAL COUNTRIES

As the Young plan recognizes, there are three outstanding categories of indebtedness that make up the intergovernmental financial obligations of the principal countries that participated in the war:

- 1. The reparation settlement.
- 2. War debts of the Allied countries to the United States.
- 3. War debts of the Allies to Great Britain.

The position of Germany as the general

debtor has already been set forth. For the first thirty-seven years she must pay an average annuity of \$473,000,000. The United States, on the other hand, is the general creditor, being due to receive annual payments from its debtors of from \$213,000,-000 to \$415,000,000 a year from twenty different countries. Great Britain occupies a middle position, being both a debtor and a creditor on a large scale. In addition to receipts from Germany averaging \$97,400,-000 for the first thirty-seven years, she is due to receive from France and Italy payments averaging \$62,200,000 and \$21,400,-000 respectively. Great Britain also has debt-funding agreements with ten smaller countries, and is the creditor of a number of other governments which have not yet funded their indebtedness to her. At the same time she is required to pay the United States an average of \$177,300,000 a year for the next thirty-seven years—an amount approximately equal to that which Great Britain expects to receive from Germany and all her European debtors combined.13

#### BRITISH OBJECTIONS

Great Britain's debt policy is that set forth in the Balfour note of August 1, 1922:

"The policy favored by His Majesty's Government is that of surrendering their share of German reparation, and writing off, through one great transaction, the whole body of interallied indebtedness. But, if this be found impossible of accomplishment, we wish it to be understood that we do not in any event desire to make a profit out of any less satisfactory arrangement....

"In no circumstances do we propose to ask more from our debtors than is necessary to pay to our creditors, and, while we do not ask for more, all will admit that we can hardly be content with less."

It is the view of the British Government that the Young plan is in certain respects inconsistent with the principles of the Balfour note. Mr. Philip Snowden, Chancellor of the Exchequer, speaking in the House of Commons on July 26, 1929, raised several objections to the Young plan for this and other reasons. He stated in the first place that his government is willing to agree to the amounts proposed for German annuities; but it must object, he said, to the proposal

F. P. A. News Bulletin, Vol. VIII, No. 35, July 5, 1929.
 Ibid.

<sup>13.</sup> Cf. p. 216 for statement re present British deficit of \$1,000,000,000 of which the Young Plan takes no account.

that five-sixths of the unconditional or nonpostponable German annuities are to be allotted to France, while Great Britain is asked to content itself almost entirely with postponable annuities. The latter may come in with the greatest degree of irregularity. although Great Britain's outpayments to the United States will have to continue regularly in the meantime. He objected, moreover, to the extension of the arrangement for German deliveries in kind. These, as Mr. Lloyd George had already explained, have never been approved by Great Britain, since they permit Germany to pay her reparations and liquidate her arrears by getting rid of goods which she cannot dispose of otherwise. Great Britain, as an exporting country, cannot agree, unless it is forced to do so, to the prolongation of deliveries in kind which have been due to terminate in 1929.

Another objection to the Young plan raised by the Chancellor of the Exchequer related to the change embodied therein in the percentages for distribution of German annuities. Since 1920 these percentages have remained as they were fixed at the Spa conferences. The Young plan reduces the British percentage by what would amount to an annual average of about \$12,000,000, Italy's percentage being increased by almost the same amount. Now the Young plan in itself provides that Great Britain shall receive from its continental creditors practically the same amounts that she will have to pay to the United States. But it takes no account, Mr. Snowden pointed out, of the fact that already Great Britain has paid to the United States about \$1,000,000,000 more than she has got from her continental debtors, including Germany. If the Spa percentages for distribution of annuities had been retained, something would have been done toward meeting this billion-dollar deficit, representing a loss not anticipated by the Balfour note and a sacrifice greater than the British Government is willing to meet.

Under the terms of the Young plan settlement, apart from the abandonment of this deficit, arrangement is made for observance of the policy outlined in the Balfour note. In the future whatever excess Great Britain effectively receives in the early years of payments under the Young plan and the debt-

funding agreements will later be paid into the international bank to the credit of her debtors. Thus, in the last three years of the operation of the Young plan, Great Britain will return to the bank from \$88,600,000 to \$98,600,000 of excess receipts over payments accumulated in previous years.

The position of the other countries as debtors and creditors for the next thirty-seven years is set forth as follows:

# ANNUAL AVERAGE RECEIPTS AND PAYMENTS

(In millions of dollars)

Receipts	Payme	ents to
from	Great	United
Germany	Britain	States
France 249.3	62.2	108.4
Italy 50.9	26.4	26.4
Belgium 27.5		11.7

#### LARGER ASPECTS OF THE DEBT SETTLEMENT

If the Young plan is adopted, practically all the outstanding intergovernmental obligations left by the war will be definitely funded.

The real settlement of these obligations cannot be accomplished, however, merely by the negotiation of formal debt-funding agreements. The economic settlement of these obligations involves profound adjustments in world trade which must have their effect upon the industry and commerce of all the nations concerned.

There are two aspects of the problem involved in the economic settlement of international obligations of this magnitude. In the first place, it is necessary for the debtor country to produce within its own borders enough goods not only to supply the demand of its own people directly, or indirectly by exchange for foreign produce, but it must also produce a sufficient surplus to meet its own capital needs, and over and above that, enough to pay its foreign commercial and governmental debts. In the second place, it is necessary for the debtor government to transfer these payments abroad. In other words, the debtor country must have sold a sufficient amount of its goods and services in foreign countries to make available foreign exchange to meet its obligations, or it must resort to foreign borrowing, thereby increasing those foreign obligations still further and thus aggravating the problem.

Most of the principal Allied countries are due to receive from Germany more than they are required to pay on account of war debts. Thus, although under the Young plan it is true that Great Britain's receipts and payments roughly balance, Belgium and France both receive from Germany somewhat more than they are required to pay and Italy receives a small surplus over her payments to the United States and Great Britain. Germany, however, as the general debtor, is required to pay for the first thirty-seven years of the Young agreement an average of \$472,000,000 a year, in addition to the amount that private individuals must pay as interest on a commercial debt of between \$1,500,000,000 and \$2,000,000,000; while the United States must receive an average of from \$200,000,000 to \$400,000,000 a year on account of war debts, in addition to interest on the private investments of American citizens abroad amounting to about \$9,000,-000,000 net.14

Assuming that an economic settlement of these obligations were to be brought about, the value of German exports of goods and services must exceed the value of her imports of goods and services by a sufficient amount to pay this large governmental debt, plus the interest on her private commercial debts abroad. Conversely, the United States must import goods and services whose value exceeds the value of American exports by the amount of the annual receipts of the United States Government on account of war debts, plus the interest due to private American citizens on their foreign investments.

The United States has, in fact, and will probably continue for some time to have an export balance of goods and services in her current balance of international payments; which is to say that she is a heavy exporter of capital. Germany, on the other hand, has been for the last five years a heavy importer of capital, having borrowed on private ac-

count more than the German Government has been required to pay on account of reparation. Even under the best conditions, it is open to question whether Germany will be able within the next few years to improve her trade balance sufficiently to pay her governmental and private obligations by an actual export surplus of goods and services.

This does not mean, of course, that Germany will be unable to pay her obligations under the Young plan, or that the United States will be unable to receive payment on war debts. It does mean that the United States will continue to increase its foreign investments, and that Germany will probably continue for some time to borrow from abroad, thus increasing the amount she will ultimately be required to pay.

As far as the United States is concerned, there is no problem involved. While American producers have an export surplus and American investors find a more profitable field for their capital in foreign enterprises, the United States will continue to export capital and foreigners will have no difficulty in getting American exchange with which to pay their war debts. The receipts of the United States Government on account of war debts are so small in proportion to the total items in the American balance of international payments as to be almost negligible.

The United States is due to receive under her debt-funding agreements with fourteen countries an average of from \$230,000,000 to \$414,000,000 a year. This is a relatively small sum in comparison with our receipts from foreigners (i. e. all our imports from goods and services, including tourist expenditures) of more than \$10,000,000,000 in 1928. Even with an extensive investigation of all the factors involved, it would be impossible to predict whether or not Germany will be able to meet her foreign obligations. The fact, however, that Germany has been paying her creditors only by means of foreign borrowing is not in itself indicative of an unsound economic situation. In fact it may be indicative of her economic progress. Germany is, and may continue to be, a capital-importing country, just as the United States was before the war; and so long as German industry and commerce continue to expand and progress, Germany will continue

<sup>14.</sup> The gross amount of foreign securities held by Americans is estimated by Dr. Max Winkler at more than \$15.000.000.000. When the long- and short-term investments of foreigners in the United States is subtracted, however, the net investment of the United States is about \$3,000.000,000, according to the Department of Commerce. Ray Hall, The Balance of International Poyments of the United States, 1923, p. iv.

to attract foreign investors. If, however, a severe business depression should take place in Germany, the German Government might be unable to secure sufficient foreign currency to transfer the reparation payments, even if it succeeded in raising the money by taxation.

If Germany is to meet her foreign obligations, she must look forward to a considerable expansion of her foreign trade. In doing this, she is confronted with intense foreign competition, since all of the great commercial nations are seeking markets. Moreover, the progress of world trade, upon which in the final analysis depends the ultimate settlement of all these intergovernmental debts, is severely impeded by such artificial trade barriers as exorbitant tariffs.

As the authors of the Young plan realized in formulating the project for an international bank, the key to the settlement of the reparation problem lies in an increase in world commerce and world prosperity. The Bank of International Settlements may be a powerful agency toward the accomplishment of this purpose.

ANNEX I

DISTRIBUTION OF ANNUITIES UNDER THE YOUNG PLAN
(In Millions of Dollars)

				(11		15 01 00	,,,,,,					
Year	France	Brit. Emp.	Italy	Belgium	Rumania	Serbia	Greece	Portugal	Japan	Poland	U. S. A.	Total
29-30	99.8	12.6	10.1	16.8		17.2	_	1.4	3.1	0.12	15.7	177.0
30-1	214.5	87.4	37.2	23.4	2.4	18.9	.9	3.1	3.1	0.12	15.8	406.8
31-2	199.8	86.2	45.5	24.4	2.9	18.9	1.6	3.1	3.1	0.12	15.7	401.4
32-3	209.5	86.8	46.8	25.2	3.1	18.9	1.6	3.1	3.1	0.12	15.7	413.6
33-4	209.4	108.3	45.8	23.9	3.3	17.2	1.7	3.0	2.8	0.10	14.1	429.8
34-5	224.4	107.2	46.1	24.5	3.5	17.3	1.7	3.0	2.8	0.10	14.1	444.7
35-6	229.4	106.1	46.5	26.2	3.8	17.3	1.7	3.0	2.8	0.10	14.1	450.9
36-7	239.4	104.3	47.0	27.8	4.1	17.6	2.0	3.0	2.8	0.10	14.1	462.0
37-8	245.9	107.9	47.3	27.3	4.4	17.0	2.0	3.0	2.7	0.10	13.6	470.9
38-9	250.6	106.7	47.7	27.3	4.5	17.1	2.0	3.0	2.7	0.10	13.6	475.3
39-40	259.0	105.4	48.6	27.9	5.6	17.7	2.0	3.2	2.8	0.10	14.1	486.6
40-1	281.1	109.0	50.4	27.9	4.8	18.1	2.0	3.2	2.8	0.10	14.1	513.4
41-2	279.3	108.8	53.1	29.5	4.8	20.0	2.0	3.4	3.1	0.12	15.7	519.4
42-3	283.8	106.2	53.7	29.6	4.9	21.0	2.0	3.4	3.1	0.12	15.7	523.6
43-4	283.6	104.8	54.2	29.6	5.0	21.0	2.0	3.4	3.1	0.12	15.7	522.7
44-5	283.6	107.3	54.9	29.5	5.0	21.1	2.0	3.4	3.1	0.12	15.7	525.8
45-6	283.6	104.7	55.6	29.6	6.1	21.1	2.0	3.4	3.1	0.12	15.7	524.9
46-7	283.0	103.0	56.1	29.6	6.8	21.1	2.0	3.4	3.1	0.12	15.7	523.9
47-8	282.3	106.5	56.5	29.6	7.4	21.1	2.0	3.4	3.1	0.12	15.7	527.7
48-9	282.3	104.7	57.0	29.6	7.0	21.1	2.0	3.4	3.1	0.12	15.7	526.4
49-50	297.5	104.8	59.1	32.1	7.4	23.8	1.9	3.6	3.6	0.12	18.1	551.9
50-1	304.4	105.0	62.0	32.1	7.4	23.8	1.9	3.6	3.6	0.12	18.1	562.1
51-2	297.4	105.0	65.0	32.1	7.4	23.8	1.9	3.6	3.6	0.12	18.1	558.2
52-3	297.3	105.0	65.6	32.1	7.4	23.8	1.9	3.6	3.6	0.14	18.1	558.9
53-4	297.3	106.2	66.3	32.1	7.4	23.8	1.9	3.6	3.6	0.14	18.1	560.4
54-5	297.3	108.1	67.0	32.1	7.4	24.0	1.9	3.6	3.6	0.14	18.1	563.3
55-6	297.3	105.9	68.0	32.1	7.4	24.1	1.9	3.6	3.6	0.14	18.1	562.0
56-7	297.3	103.6	68.8	32.1	7.4	24.1	1.9	3.6	3.6	0.14	18.1	560.6
57-8	304.5	97.0	69.7	32.1	7.4	24.3	1.9	3.6	3.6	0.14	18.1	562.6
58-9	310.1	97.7	70.7	32.1	7.4	24.6	1.9	3.6	3.6	0.14	18.1	570.2
59-60	304.5	97.3	71.4	32.1	7.4	24.6	1.9	3.6	3.6	0.14	18.1 '	564.7
60-1	304.5	96.7	74.0	32.1	7.4	24.9	1.9	3.6	3.6	0.14	18.1	567.0
61-2	304.5	98.1	76.5	32.1	7.4	25.2	1.9	3.6	3.6	0.14	18.1	571.3
62-3	304.4	95.4	77.4	32.1	7.4	25.2	1.9	3.6	3.6	0.14	18.1	569.0
63-4	304.4	97.7	78.1	32.1	7.4	25.2	1.9	3.6	3.6	0.14	18.1	572.3
64-5	304.4	96.8	78.8	32.1	7.4	25.2	1.9	3.6	3.6	0.14	18.1	572.2
65-6	309.3	97.8	79.7	32.1	7.4	25.2	1.9	3.6	3.6	0.14	18.1	578.5
66-7	189.2	85.1	69.2	12.6	7.6	5.4	2.3	2.0	_		9.7	383.0
67-8	189.2	82.6	70.3	12.6	8.8	5.4	2.3	2.0	_		9.7	382.8
68-9	188.4	83.2	72.0	12.6	9.5	5.4	2.3	2.0	_		9.7	385.1

Year	France	Brit. Emp.	Italy	Belgium	Rumania	Serbia	Greece	Portugal	Japan	Poland	U. S. A.	Total
69-70	187.6	84.7	73.7	12.6	10.2	5.4	2.3	2.0			9.7	388.3
70-1	187.6	86.0	75.7	12.7	10.2	5.4	2.3	2.0	_		9.7	391.5
71-2	187.5	86.2	78.0	12.6	10.2	5.4	2.3	2.0			9.7	394.0
72-3	187.5	87.3	79.1	12.6	10.2	5.4	2.3	2.0			9.7	396.9
73-4	187.4	87.0	80.1	12.6	10.2	5.4	2.3	2.0			9.7	396.8
74-5	187.6	86.8	81.1	12.6	10.2	5.4	2.3	2.0	_		9.7	397.4
75-6	187.4	86.8	82.1	12.7	10.2	5.4	2.3	2.0			9.7	399.0
76-7	187.3	86.7	83.6	12.7	10.2	5.4	2.3	2.0	_		9.7	399.9
77-8	187.2	87.0	85.0	12.7	10.2	5.4	2.3	2.0	_		9.7	401.5
78-9	187.2	87.0	87.5	12.7	10.2	5.4	2.3	2.0			9.7	403.9
79-80	187.2	86.9	88.8	12.6	10.2	5.4	2.3	2.0	_		9.7	405.0
80-1	187.1	86.6	91.8	12.6	10.2	5.4	2.3	2.0			9.7	407.6
81-2	187.1	87.1	95.3	12.7	10.2	5.4	2.3	2.0	_		_	402.0
82-3	187.0	86.5	97.0	12.7	10.2	5.4	2.3	2.0				403.0
83-4	186.9	88.6	97.6	12.7	10.2	5.4	2.3	2.0	_			405.7
84-5	186.9	82.5	99.2	12.6	10.2	5.4	2.3	2.0	_		_	401.0
85-6	186.8	-98.61	99.8	12.6	10.2	5.4	2.3	2.0	<u> </u>			220.4
86-7	186.7	-98.61	101.2	12.7	10.2	5.4	2.3	2.0				221.9
87-8	179.4	-88.61	92.1	12.1	10.2	5.4	2.3	2.0			_	213.9
ercentage o	f											
Distribution Average	52.7	20.6	10.7	5.8	1.0	4.2	.4	.7	.7	.03	3.3	100.0
1929-65	249.3	97.4	50.9	27.5	4.8	20.0	1.7	3.1	3.1	0.12	15.7	473.7

<sup>1.</sup> Last three years, Great Britain pays into the Bank of International Settlements.

#### ANNEX II

#### SCHEDULE OF ALLIED PAYMENTS TO THE UNITED STATES

(In Millions of Dollars)

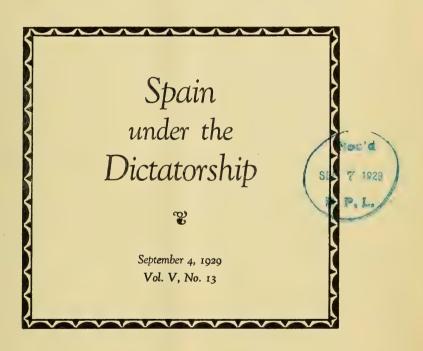
(In Millions of Dollars)								
Year	Great Britain	France	Italy	Belgium	Serbs Croats Slovenes	Rumania	Poland	Greece
'29	160.6	32.5	5.0	5.5	.2	.5	6.2	.05
30	160.8	35.0	5.0	6.2	.2	.6	6.2	.06
31	160.0	40.0	14.6	6.3	.2	.7	6.2	.14
32	161.1	50.0	14.7	8.0	.2	.8	6.2	.24
33	184.0	60.0	14.8	8.5	.3	1.0	7.0	.28
34	182.8	75.0	15.0	9.0	.3	1.2	7.0	.3
35	181.7	80.0	15.5	9.6	.3	1.4	7.0	.3
36	180.5	90.0	16.0	12.7	.3	1.6	7.0	.3
37	184.4	100.0	16.6	12.7	.4	1.8	7.0	.3
38	183.1	105.0	17.0	12.8	.5	2.0	7.0	.3
39	181.8	110.0	17.6	12.7	.5	2.2	7.0	.4
40	185.5	115.0	18.2	12.7	.6	2.2	7.0	.4
41	184.1	120.0	21.1	12.7	.8	2.2	7.0	.4
42	182.6	125.0	21.7	12.7	.9	2.2	7.0	.4
43	181.1	125.0	22.2	12.7	.9	2.2	7.0	.4
44	183.7	125.0	22.9	12.7	.9	2.2	7.0	.4
45	182.0	125.0	23.5	12.7	1.0	2.2	6.0	.4
46	180.4	125.0	24.1	12.7	1.0	2.2	7.0	.4
47	183.8	125.0	24.4	12.7	1.0	2.2	7.0	.4
48	182.0	125.0	25.0	12.7	1.0	2.2	7.0	.4
49	180.3	125.0	25.5	12.7	1.0	2.2	7.0	.4
50	180.5	125.0	26.3	12.7	1.0	2.2	7.0	.4
51	180.6	125.0	31.4	12.7	1.0	2.2	7.0	.4
52	180.7	125.0	32.1	12.7	1.1	2.2	7.1	.4
53	181.7	125.0	32.8	12.7	1.1	2.2	7.1	.4
54	183.6	125.0	33.5	12.7	1.1	2.2	7.1	.4
55	183.4	125.0	34.5	12.7	1.3	2.2	7.2	.4

56 179.1 125.0 35.3 12.8 1.3 2.2 7.2 .4

					Serbs			
Year	Great Britain	France	Italy	Belgium	Creats Slovenes	Rumania	Poland	Greece
57	179.9	125.0	36.2	12.8	1.4	2.2	7.2	.4
58	180.5	125.0	37.2	12.7	1.8	2.2	7.2	.4
59	180.1	125.0	37.9	12.7	1.8	2.2	7.2	.4
60	179.6	125.0	38.8	12.7	1.8	2.2	7.2	.4
61	180.9	125.0	43.1	12.6	2.4	2.2	7.1	.4
62	178.2	125.0	43.9	12.6	2.5	2.2	7.2	.4
63	180.5	125.0	44.7	12.7	2.5	2.2	7.2	.4
64	179.6	125.0	45.4	12.7	2.5	2.2	7.1	.4
65	180.6	125.0	46.1	12.7	2.5	2.2	7.1	.4
66	182.5	125.0	47.3	12.7	2.5	2.2	7.1	.4
67	181.2	125.0	48.6	12.7	2.5	2.2	7.1	.4
68	181.9	125.0	50.3	12.7	2.5	2.2	7.1	.4
69	183.3	125.0	52.0	12.7	2.5	2.2	7.1	.4
70	184.7	125.0	52.6	12.8	2.5	2.2	7.0	.4
71	184.8	125.0	56.4	12.7	2.5	2.2	6.9	.4
72	185.8	125.0	57.4	12.7	2.5	2.2	6.9	.4
73	185.6	125.0	58.4	12.7	2.5	2.2	6.9	.4
74	185.4	125.0	59.4	12.7	2.5	2.2	7.0	.4
75	186.0	125.0	60.4	12.7	2.5	2.2	7.0	.4
76	185.3	125.0	62.0	12.9	2.5	2.2	7.1	.4
77	185.5	125.0	63.4	12.8	2.5	2.2	7.1	.4
78	185.6	125.0	65.8	12.8	2.5	2.2	7.1	.4
79	185.5	125.0	67.2	12.7	2.5	2.2	7.3	.4
80	185.2	125.0	67.6	12.8	2.5	2.2	7.5	.4
81	185.8	125.0	74.0	12.8	2.5	2.2	7.9	.4
82	185.1	125.0	75.8	12.9	2.5	2.2	8.2	.4
83	187.2	125.0	76.4	12.9	2.5	2.2	8.8	.4
84	181.1	125.0	78.0	12.8	2.5	2.2	8.3	.4
85		125.0	78.6	12.8	2.5	2.2		.4
86		125.0	80.1	12.9	2.5	2.2		.4
87		117.7	81.0	12.2	2.5	2.2		.4
88								.4
89								.4
90								.2

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### SPAIN UNDER THE DICTATORSHIP

by
AGNES S. WADDELL

with the aid of the Research Staff of the Foreign Policy Association

Miss Waddell was given leave of absence by the Foreign Policy Association for six months during 1928 for the purpose of gaining a more intimate acquaintance with Spanish affairs. The present report is the result of her observations in Madrid and the provinces and of further study given to Spanish affairs since her return to New York.

#### THE ESTABLISHMENT OF DICTATORSHIP

ON September 13, 1923 Primo de Rivera led a successful coup d'état and took over the reins of Spanish government. He is still in power, but recent predictions of imminent drastic changes in Spanish government raise the question of how the Prime Minister achieved his present paramount position, what policies he has pursued in office, and when the transition to constitutional government may be expected.

Primo de Rivera's program was outlined in the pronunciamiento of September 13, 1923 addressed to the nation. His purpose, he declared, was to correct the abuses of the old politicians and to effect a house-cleaning in all branches of government; to bring the campaign for the pacification of Morocco to a successful end and to determine where responsibility lay for the successive disastrous defeats suffered by the Spanish troops in Morocco: to re-establish the authority of the government in Catalonia; and to call a new Assembly to effect all the necessary reforms in a legal manner. It was not his intention to undermine the Constitution. General elections were to be held and the electors, unfettered by allegiance to any political group, were to pronounce their will. This return to constitutional government he expected to accomplish within ninety days, after which he would pass the reins over into more experienced hands.

The Dictator chose his first cabinet exclusively from the military ranks, but in December 1925 this group was succeeded by the so-called Civil Directorate composed of three generals, an admiral and five civilians,

a proportion which still prevails in the Directorate.

Today many Spaniards are agreed that the Prime Minister was sincere in his statement that on assuming office he desired nothing but the welfare of Spain. He was scornful alike of Conservative and Liberal politicians, charging that while they fought over the distribution of State revenue the nation was becoming completely disorganized. And this state of affairs was admitted even by members of the ruling parties. Don Antonio Maura, five times Prime Minister, said in a speech after his second term of office:

"It has become traditional that public office in Spain is neither exercised nor sought after for the purpose of protecting rights, upholding justice, encouraging culture, developing prosperity or directing the life of the nation along the channels to which the national genius fits it. . . . Underneath the constitutional framework, what really exists is a chieftainship (cacicato) which edits the official Gazette and distributes the State revenue. The political parties fight for this tool. . . . Systematic sedition in the name of order; violence and proscription in the name of liberty; democratic intrigue at the back-door of the barracks; all imaginable forms of factious life. Never obeisance to abstract moderation in authority, nor perseverance to vindicate right, nor tenacity to exercise the functions of citizenship. . . . "1

Rapidly changing administrations (between March 22, 1918 and September 13, 1923 there were twelve different cabinets) had been unable to cope efficiently with the problems presented in Morocco and Catalonia.

<sup>1.</sup> R. T. Desmond, "The New Régime in Spain," Foreign Affairs, New York, March 15, 1924.

#### UNREST IN CATALONIA

In Catalonia<sup>2</sup> the government was faced with two serious situations: one, the homerule movement; and the other, labor unrest. The first of these was created by the agitation of two distinct groups—the so-called Regionalists and the Separatists. The Regionalists wished to continue within the Spanish nation but desired a greater degree of autonomy in provincial affairs. Their demands were summed up as follows:<sup>3</sup>

- "1. The creation of an autonomous Catalan state which would be supreme in all local affairs of Catalonia.
- "2. A parliament or other legislative Assembly responsible only to the Catalan people.
- "3. A Catalan executive or Government responsible only to the Assembly.
- "4. The old laws and constitution of Catalonia to be again put in force through the Assembly.
- "5. A separate Catalan Judicature, with the Supreme Catalan Court as final court of appeal in Catalan affairs.
- "6. The Catalan language to be the only official one, and to be freely used when desired in private intercourse, and in all official matters concerning Catalonia.
- "7. A federal union with the other Spanish peoples, exclusively for foreign affairs, the army and navy, coinage, weights and measures, trade, customs, general communications, etc."

The second group of agitators, the Separatists, wished, as their name implies, to separate Catalonia entirely from the rest of Spain and to establish it as an independent nation. This extreme position was taken by only a small group, but as they made much more noise than the Regionalists, they brought down the wrath of the central government upon the heads of all.

only a small group, but as they made much more noise than the Regionalists, they brought down the wrath of the central government upon the heads of all.

The second problem facing the government in Catalonia, as already stated, was the labor situation. Although labor unrest

2. Catalonia, a region made up of four provinces in the extreme northeast of the Iberian peninsula, flourished under independent rulers, the Counts of Barcelona, until a marriage with the royal family of Aragon eventually brought it in 1416 into the Spanish State. The language used in the provinces was Catalan and there exist documents written completely in that dialect dating from the eleventh century. The Catalans feel that ever since their incorporation into the Spanish State they have been despoiled by the Madrid government. First, the discovery of America, Sevilla was given the monopoly of trade with the colonies, while Barcelona, the most important Catalan city and up to then the most flourishing Spanish port, declined in prosperity. And in more recent times the Catalans resented the heavy taxing of their growing industries, the proceeds of which, they declared, were squandered in Madrid

was prevalent throughout the rest of Spain, it was especially acute in the industrial center of Barcelona, where the great activity of war years had begun to decline. Strikes were frequent. To meet this situation the Conservative government organized groups of strike-breakers, but this move only made matters worse, for strikers and strike-breakers were soon fighting on the streets. In the year ending September 1923 in the province of Barcelona alone—where Red organizations were most numerous—337 workers and employers were killed in strikes, riots and reprisals and 434 were wounded.4

# MILITARY REVERSES IN MOROCCO

It was the Moroccan situation, however, which actually precipitated the coup d'état of September 1923 in Madrid. After a series of military reverses (culminating in the tragedy at Annual<sup>5</sup> in July 1921, which in one day cost Spain over 10,000 soldiers). public opinion became so inflamed that a commission of twenty-one Parliament members was appointed to determine where responsibility lay. The Moroccan campaign was intensified, but the advance, when it was resumed, was conducted so slowly (although over 100,000 Spaniards were opposed by only a few thousand Moors) that the question of "responsibility" continued to be a vital issue. Instead of following the usual procedure and condemning two or three generals, the Committee of Twenty-One, under the chairmanship of General Picasso, went to the root of the whole matter, holding secret hearings in Morocco as well as in Madrid. In the summer of 1922 the Picasso report was finished and submitted to the Council of Ministers. It was promptly suppressed, but not before some inkling as to its contents had leaked out. It is said that the report implicated not only the governing and military classes, but the King as well, for transmitting orders directly to the front in disregard of the Ministry of War. The report recommended death penalties for many of the high commanding generals in Morocco and for several of the Ministers at

proceeds of which, they declared, were squandered in Madrid or used for public improvements in other provinces. 3. Frank B. Deakin. Spain Today. London. The Labour Publishing Company, Ltd., 1924, p. 155 ff.

<sup>4.</sup>  $La\ Nación$  (the official government paper in Madrid), special edition of September 13, 1928, celebrating the fifth anniversary of the de Rivera régime.

<sup>5.</sup> A military outpost near the Bay of Alhucemas.

home. It also suggested that certain steps be taken to remedy the whole political situation in Spain. It is reported that one of these was to have been the abolition of the monarchy.

When it became clear that the Picasso report was being shelved, public protest meetings were held and both the press and Parliament demanded that the report be published. Parliament was immediately dissolved by the King, perhaps in the hope that the storm would blow over. After new elections, however, it was found that the situation still remained unchanged. September 15, 1923 the Supreme Council of War and Navy was to convene, presided over by General Aguilera, who firmly intended to carry out the recommendations of the Picasso report no matter what high authorities were implicated. On September 20 a Parliamentary committee was to meet and make known its recommendations on the question of "responsibility"; and on October 2 the newly elected Assembly was to hold its first session. These plans were never carried out, however, for Primo de Rivera's coup d'état on September 13 put an end to all constitutional proceedings; the Picasso report disappeared, and the question of "responsibility" was never thoroughly threshed out.

## THE COUP D'ETAT

Whether or not Primo de Rivera was acting on his own initiative it is still impossible to say. He is an aristocrat by birth and before the coup d'état had served the Monarchy in Cuba, in the Philippines and in Morocco. but not very long in Spain. He was an ardent supporter of the Monarchy and he despised the politicians in Madrid. He was, therefore, at least following his inclinations when on September 13 he headed the coup d'état. His years of service in Morocco had impressed him with the disorganization, negligence and dishonesty which prevailed in He had often protested official circles. against the "butchery" of Spanish soldiers in a futile attempt to guard a piece of territory which, he said, could never be of much use to Spain; and he had been punished twice for such heresies. In 1917, for instance, when he was Military Governor of

Cádiz he declared in a speech that the Moroccan campaign was futile; and that Spain should get rid of Morocco, exchanging it perhaps for Gibraltar; for strategically it would be a weak spot in time of war. (This recommendation, in spite of the evident unlikelihood of its execution is still considered in certain quarters.) For this he was dismissed from office and placed in the reserve ranks. Later, however, with another party in power, he was made Military Governor of Madrid. Here on November 26, 1921. when feeling was running high after the Annual disaster, he again expressed a similar opinion, although he admitted that Spain should first retrieve her honor by dominating the situation. This time he was imprisoned. only to be reinstated a second time; and it was as Military Governor of Barcelona that he took control of power and issued the pronunciamiento summarized above.

The two great parties which up to this time had managed Spanish affairs were the Conservative and the Liberal. The former drew its supporters from the army, the clergy and the capitalist classes. It was Catholic, monarchical, averse to any reform and believed in maintaining order, whether in Morocco or in Catalonia, by force.

The Liberal party was theoretically more democratic, although in practice it differed little from the Conservative. It favored seeking an economic solution of the labor problem, but was never in power long enough to counteract the Conservative policy of force. In Morocco it believed that the task of pacification should be under the direction of a Civil High Commissioner who would put more emphasis on public improvements and education than on repression. But the Conservative policy prevailed. In December 1922, however, popular protest against the Conservative policy and its attempt to hush up the Picasso report became so sharp that the Conservative Prime Minister, Sr. Sánchez Guerra, resigned. In the elections which followed, the Liberal party won a sweeping victory; but when Parliament tried to take up the question of "responsibility" that body was dissolved and with the advent of the Dictatorship was doomed not to meet again.

Although the *coup d'état* was not actively opposed, it was actively supported only by

the army, which had the greatest grievances against the preceding régimes. The prestige of the army, already sadly diminished since 1898, had suffered a great blow in the Annual disaster. The rank and file of the army and lesser officers wished to vindicate themselves and have the blame for the occurrences in Morocco placed where they believed it belonged—viz., on a few high officers and on the politicians who bickered endlessly in Parliament over every grant, however urgent, for material, clothing and food—appropriations which, when finally made, never reached their destination intact.

With the exception of the army, the only organized body in Spain is the Church. Primo de Rivera, coming to power at a time of chaos when even the Monarchy was in danger, proclaimed the motto, "Fatherland, Monarchy, Religion." He put an end to the movement which threatened to implicate the King himself in the question of "responsibility." A coup d'état which bolstered up the power of His Most Catholic Majesty and incidentally that of the Church naturally was not opposed by the latter.

What Primo de Rivera promised the Catalan leaders—ever ready to demand autonomy at the least sign of weakness in the central government—is not yet known. It is charged, however, that since the advent of the Dictatorship no other region in Spain has been so favored in a material way, as,

for example, in the matter of tariff protection. It was a significant fact, moreover, that in September 1923 Catalonia did not secede when constitutional government was overturned.

On seeing the peaceful manner in which the overthrow of the old political parties had been effected, the nobility, large property holders and business men-all who had anything to lose in a revolution-were only too glad to try a new régime, hoping it might really herald a new era of peace and order. The mass of peasants, exclusively interested in their own local affairs. hardly understood what had happened and were indifferent. Even a section of liberal opinion, as represented by one of the most influential papers in Madrid, El Sol, neither condemned nor praised Primo de Rivera's action. El Sol merely stated that it would pay more attention to the deeds than to the words of the Directorate. And ex-Minister Ossorio v Gallardo, one of the leaders of liberal thought, although a member of the Conservative party, said in an editorial on the coup d'état:

"When the rebels boast of having interpreted the popular will, they are right. In the depths of each citizen's conscience there flourishes a flower of gratitude for those who have checked the rotation of avarice. But there immediately arises another dramatic anxiety. Will the remedy be worse than the infirmity?"

#### THE RECORD OF THE DICTATORSHIP

The test will not come until the Premier considers his task accomplished and resigns in favor of what he terms a constitutional government. But whether or not that body will be constitutional according to the 1923 definition or according to a new standard set by the Dictatorship is still a question. A new constitution has already been drafted by a special committee of the Consultative National Assembly, but it has met with so much criticism that it will probably be greatly modified before it is submitted to a plebiscite.

The preliminary draft was published on July 6, 1929 and the government has relaxed censorship somewhat to allow ample discussion of it. Moreover, the government has even provided for the inclusion of fortynine former political leaders in the Assembly which is to prepare the final draft.<sup>6</sup>

It is the general opinion of all but the most ardent supporters of the present administration that the new constitution is reactionary and constitutes a return to absolutism. The opposition press asserts that the draft is unconstitutional, for it was drawn up by an unconstitutional body subservient to the Dictatorship. Moreover, it believes that the draft is too long and complicated to be made the basis of a plebiscite. It suggests, therefore, that the draft be made the program of a government party—the Unión Patriótica, for example—and that

<sup>6.</sup> Royal decree of July 29, 1929. Extract published in La Prensa, New York, July 30, 1929.

other parties be allowed to draw up their own programs. Elections should then be held in which all these parties should be allowed to participate. The Constituent Assembly would then be truly representative and would be competent to suggest reforms to be incorporated in the Constitution of 1876.

The main innovations in the draft constitution published in July 1929 tend to fortify the power of the King. cameral Cortes existing in 1923 is reduced to one chamber of over 400 members,7 Half of these are to be elected by universal suffrage from among a restricted group; thirty members are to be named by the King, and the rest elected by classifications or corporations. It is declared by the opposition that this mixture of interests will introduce a division among the members themselves and result in lack of cooperation. The draft constitution provides also for the creation of a new body-the Council of State8-to be composed of thirty-six members, half of whom occupy their posts for life, either in their own right or by appointment of the The remaining eighteen are to be elected by various classifications and professions. This new body cannot be compared with the second chamber of the old Cortes, which prior to 1923 was composed of 360 members. The functions of the proposed Council of State are to be mainly advisory.

## PROVISIONS OF DRAFT CONSTITUTION

Formerly the initiative for legislation resided "in the Cortes with the King." The draft of the new constitution, however, declares in Article 62 that

"The King with his responsible government [the Ministers] and the Cortes will have the exclusive initiative of legislation; but the initiation of laws referring to foreign policy or concordats, national defense or constitutional reform, and those which entail a decrease in taxation or an increase in public expenditures will be the exclusive prerogative of the King and his responsible government.

"Those laws referring to government expenditure and income which have previously received the approval of one-fifth of the deputies are excluded from the above provision."

In other words, the initiation of most of the legislation is the prerogative of the King "and his responsible government," but as will be seen later, this government itself is not responsible to anyone but the King.<sup>10</sup>

The new draft also provides that any legislation approved by the Cortes may be rejected by the Council of State.<sup>11</sup> In such cases, after a new vote in which the Cortes either refuses or accepts the suggestions made by the Council of State, the law goes to the King, who in his turn may approve or reject it. Moreover, no provision is made in the new draft similar to that in the 1876 Constitution by which a law vetoed by the King may be re-enacted by the succeeding legislature.<sup>12</sup>

Still another article provides that should the Cortes be "slow" in approving a bill which the government believes to be urgent and necessary, the executive power may put it into force by decree after consulting the Council of State (a fourth of whose members are appointed by the King).<sup>13</sup> These laws must be approved by the Cortes within two months or they will be considered null and void. It is pointed out, however, that some legislation will already have fulfilled its purpose within the two months, as for example in the case of a special taxation or recruiting measure.

Another indication of the absolutist tendency of the project is found in the provision that the Cortes may not vote its political approval or disapproval of the Ministers or other executive officials. It therefore exercises no influence in the selection or replacement of Ministers, who need only enjoy the confidence of the King to govern.

Finally, after consultation with the Council of State, the King may suspend the Cortes whenever he sees fit. He is also empowered, after consultation with the Council of State, to suspend all constitutional guarantees "when grave internal disturbances menace the general peace." As a result the King at any time may constitutionally suspend

<sup>7.</sup> New constitution, Article 54 ff. Published in El Sol, Madrid, July 7, 1929.

<sup>8.</sup> Ibid., Article 44 ff.

<sup>9.</sup> Constitution of 1876, Article 18.

<sup>10.</sup> Cf. below.

<sup>11.</sup> New constitution, Article 52.

<sup>12.</sup> Constitution of 1876, Article 44.

<sup>13.</sup> New constitution Article 53.

<sup>14.</sup> Ibid., Article 66.

<sup>15.</sup> Ibid., Article 48, paragraph 2.

<sup>16.</sup> *Ibid.*, Article 72.

the Cortes and return to a dictatorial form of government.

The main significance of the new draft lies not so much in its contents, for these will probably be greatly modified, but in the fact that the Prime Minister, by publishing it and providing for its ample discussion in the press and the Assembly, demonstrates his belief that the time has come for terminating the Dictatorship and returning to constitutional government.

# OFFICIAL CATALOGUE OF ACHIEVEMENTS

Although slow progress has been made in the political development of the country under Primo de Rivera, much is claimed by the Dictatorship in the realm of material progress. In an official statement to the press on March 5, 1929, the Premier summarized the work he has accomplished in the following manner:

"If the present administration had not counted with the enormous amount of public opinion which supports it, it would already have succumbed to the obstinate campaign of attacks from outside the country and inhibitions and silences within. But it is a rare Spaniard indeed who by this time has not in some way felt the beneficent consequences of being well governed. Peace in Morocco and within the country, personal safety, reduction of the term of military service, subsidies to large families, the creation of thousands of schools and some institutes, protection to agriculture, higher wages, social legislation, old age pensions and adequate establishments for the correction of delinquents, many and good roads, irrigation works, sanitariums, hospitals, dispensaries, sewerage, water supplies, dozens of bridges, modern armaments, powerful navy units, small increases in the income of the lower clergy and dependent classes (widows and orphans of government employees, soldiers, etc.), appropriate establishments for our representatives abroad, treaties of commerce and of peace and arbitration-all these constitute an achievement which only a stupid people could fail to appreciate. . . ."

Concrete information on these achievements is as yet not available, for government statistics are often two and three years behind. However, a brief summary of the data available follows.

## THE PACIFICATION

A period of calm in Spanish Morocco after the establishment of the Dictatorship was broken in May 1924 and by August the Spanish troops were again hard-pressed to defend their posts. In the month of September 1924, Primo de Rivera took personal command of the campaign, assisted by three other members of the Military Directorate. The troops were withdrawn from far-flung battle lines to present a shorter and more compact front, but this move was accompanied by a loss of thousands of lives.

The turning point of the campaign came in April 1925 when "to our great fortune" Abd-el-Krim, "whose head had undoubtedly been turned by his sultanate (whom the Gods would destroy they first make mad), had the foolhardiness to attack numerous French posts. . . ."<sup>17</sup> This was indeed a tactical error, for by angering the French, Abd-el-Krim assured Franco-Spanish cooperation in the Riff. Thus by July 12, 1927, with the invaluable assistance of the French, the whole zone was subdued and an era of peaceful reconstruction set in.

A special edition of El Debate, published in May 1928 for the Cologne press exposition, gives the official account of the Moroccan campaign. According to its figures, \$800,000,000 were spent in Morocco in eighteen years, and for longer than a decade the loss of Spanish soldiers reached the high peak of over 13,000 men annually. But by 1926 the losses fell to 2,500 and since 1927 they have remained at zero. Moreover. since 1927 there have been 250 kilometers of roads built in Morocco, ports have been improved, and railroads constructed to link the principal ports and towns. Schools, hospitals and sanitariums have also been financed by the government. "Spain, therefore, has done something more than punish the rebels."

In this connection it is interesting to note that of the 1927, 1928 and 1929 budgets for the administration of Spanish Morocco, 85 per cent goes to the upkeep of the navy and army, and less than two-tenths of 1 per cent is used for education, sanitation, and public

<sup>17.</sup> El Debate, special edition, May 1928, an official version of the Riff campaign.

works.<sup>18</sup> The bulk of public improvements is actually being financed by loans underwritten by the Madrid government. So far a total of about \$12,000,000 has been floated to cover five years' expenditures.

#### APPROPRIATIONS FOR DEFENSE

The Dictator claims that since 1925 a large reduction in army cadres has been effected. The Minister of War reports that 748 officers left the army during that period. "of whom 378 did so voluntarily in order to take office in other departments of the government."19 Some commentators assert that those officers who "voluntarily" took office in other departments of the government. were not incurring any great sacrifice. The present cabinet, as they point out, is composed principally of military officers; they rule the provinces, they figure at the head of corporations controlling national concessions, and have in general bettered their positions by leaving the army.20

A casual glance at the 1921 and 1929 ordinary budgets would seem to indicate a reduction in appropriations for national defense. The appropriation for the Department of War in the ordinary budget for 1929 is almost \$16,000,000 less than that for 1921, the year of the great Annual disaster. But the supplementary budget covering the period 1926-36 includes an average annual appropriation for the War Department of over \$9,500,000. Then, too, there were the

heavy increases in appropriations for the Navy Department (\$13,500,000 in the supplementary budget and \$6,500,000 in the 1929 budget). This, in spite of the reduction of \$16,000,000 mentioned above, brings the total budget appropriations for national defense in 1929 to about \$15,000,000 more than the 1921 figure. Spain is now spending more on national defense than it did in the days of Riff fighting. This is necessary, according to the Dictator, in order to bring the army and navy up to date in the matter of equipment.

El Sol, in an editorial on December 15, criticizes this expenditure:

"With a diminished corps, according to the Minister [of Finance], and Morocco pacified ... our defense still consumes about one-fourth of our budget, and we are proportionately at the head of the nations which pay most attention to the military preparation of its citizens ... and the Minister still continues to announce increases in appropriations for the Navy Department."

#### THE BUDGET

The government has announced a budget surplus of almost \$2,000,000 for 1927 and \$30,000,000 for 1928. However, this applies only to the ordinary budget, and the supplementary budget drawn up in 1926 to provide for reconstruction work is not taken into account. The situation of the budget, as given in the official publication, La Nación, on September 13, 1928, together with the deficits under the supplementary budget, are as follows:

#### SPANISH BUDGETS

(Figures given in millions) Ordinary Budget Supplementary Budget TOTALDEFICIT SURPLUS DEFICIT DEFICIT YearPesetas Dollars Pesetas Dollars Dollars Pesetas Dollars 82.6 1918 ..... 416.7 82.6 1919-20 ..... 483.1 77.3 77.3 1920-21 ..... 634.2 85.6 85.6 ..... 1921-22 ..... 1,142.8 177.1 177.1 ..... ..... 1922-23 ..... 922.7 133.8 133.8 1923-24 ..... 76.7 575.3 76.7 1924-25 ..... 417.1 59.8 59.8 \*\*\*\*\* ..... ..... 60.6 1925-26 ..... 608.4 60.6 ..... 2nd half 1926 ..... 170.0 25.3 (1926) 300 44.7 70.0 11.4 300 49.3 1927 ..... 1.9 51.2 183.0 30.4 300 49.8 19.4 1928 ..... .....

There has been much criticism of the

supplementary budget on the ground that it tends to obscure the real condition of the State's finances.<sup>21</sup> It is to run for ten years

<sup>18.</sup> Gaceta de Madrid, January 5, 1927; January 4, 1928; January 4, 1929.

<sup>19.</sup> La Nación, special edition, September 13, 1928.

<sup>20.</sup> Carleton Beals in The Nation, New York, June 26, and July 17, 1929.

<sup>21.</sup> Ex-Minister of Finance, Sr. Francisco Cambó, in El Sol, December 1928.

and provides for a total expenditure of about \$400,000,000. Internal loans totaling about \$190,000,000 have already been floated to cover expenses under the supplementary budget to the end of 1929. In other words, since 1926 there has been an average annual deficit in the supplementary budget of about \$45,000,000.

The deficit for 1928 is, therefore, according to these figures, approximately twenty million dollars, or only one-fourth as large as the smallest deficit in the five years preceding the Dictatorship.

In this connection it should also be noted that the present administration, in spite of the steady increase in government receipts, has been successful in cutting down the expenses of tax collection. In 1919 government receipts amounted to approximately 280 million dollars, and the expenses of collection amounted to 28 million, or approximately 10 per cent of the total. In 1923 the percentage was the same, whereas in 1927 and 1928 the expenses had fallen to a little over 4 per cent of the amounts collected.

## FINANCIAL POLICY

In pre-war years the peseta was constantly below par in consequence of a chronic budget deficit and an unfavorable balance of payments.<sup>22</sup> During the war Spain as a neutral power developed its export trade to the belligerent nations to such an extent that its balance of payments was completely reversed. Gold entered the country and the value of the peseta rose. After the end of the war, and with the re-establishment of competition, Spain's exports diminished, the balance of payments again showed a deficit, the budget deficit became larger and the peseta fell again.

One of the present administration's main concerns has been to stabilize the peseta and in time to put it on a gold basis. To this end it sought to improve the country's financial condition: first, by balancing the budget—an attempt in which it has not yet been wholly successful; secondly, by consolidating the public debt; and thirdly, by stimulating home production and discourag-

Pursuant to its policy of consolidating and amortizing the public debt, the government in May 1926 established a Public Debt Amortization Fund to which, beside an annual budget appropriation of fifty million pesetas. were destined special revenues, notably certain customs duties and taxes on consumntion. On February 4, 1927 it proceeded to a consolidation of the floating debt, which because of budget deficits had been growing for over ten years. On January 1, 1927 this debt reached a total of 5.255 million pesetas (\$875,000,000). By the consolidation operation which took place in February 4,810 million pesetas (\$800,000,000) of treasury bonds were voluntarily exchanged for 50-year 5 per cent bonds, and on February 16 it was decreed that the remaining bonds, amounting to 415 million pesetas (\$70,000,000), should either be redeemed or consolidated.

The floating debt thus having been entirely consolidated, the government in March 1928 effected another operation. The owners of perpetual 4 per cent certificates were given the opportunity of exchanging their securities for amortizable bonds, a nominal 100-peseta 4 per cent perpetual certificate to be exchanged for a nominal 80-peseta 3 per cent amortizable security. In this manner 3,500 million pesetas (\$580,000,000) of perpetual debts were converted into amortizable bonds, leaving a total of 8,660 million pesetas (\$1,440,000,000) still in perpetual securities.

Although these operations have not diminished the public debt—which, at present, is approximately nineteen billion pesetas (over \$3,000,000,000)—they have opened the way to regular amortization of the debt and consequently to a progressive diminution of the drain on the budget for service charges.

A series of decrees regulating practically every sort of production has been issued by the present régime in an attempt to foster home industries and agriculture. It is hoped that by this means the unfavorable balance of payments of late years may be diminished or transformed into a favorable balance.

ing imports. As these measures could not be expected to bring immediate results, the government in 1928 resorted to "pegging."

<sup>22. &</sup>quot;La situation économique et financière de l'Espagne," L'Europe Nouvelle, January 5, 1929.

These decrees will be more fully discussed below.

When in spite of all these measures the peseta continued to fluctuate, a decree of June 26, 1928 authorized the government to intervene on the exchange market to regulate the quotation of the peseta. The decree of June 26 created a "Committee of Exchange," presided over by the Minister of Finance and made up of representatives of the State and of the Bank of Spain. A fund of 500 million pesetas (about \$80,000,000) -half of which was made up by the Bank of Spain and the other half by the State-was set aside for the use of the committee. The committee is empowered to open credits, buy or sell foreign exchange, and make contracts with firms or private individuals for the effecting of payments or collections abroad. The committee is also charged with the control of all operations of foreign exchange and with the surveillance of the execution of all laws related thereto. The decree of June 26 reinforces the measures previously taken by the government,<sup>23</sup> prohibiting the purchase of foreign exchange not justified by the exigencies of commerce; and it provides that the banks, firms or individuals authorized to effect operations of exchange should record these operations in a special register subject to the inspection of the Committee of Exchange at regular intervals.

Although the committee has been operating for almost a year, it has not been able to check the fluctuations of the peseta. This may be due in part to the fact that the budget has not really been balanced, that the import balance still continues large and that political conditions at the beginning of 1929 were extremely unsettled. The following table<sup>24</sup> summarizes average peseta quotations, wholesale price indices, gold reserve, budget deficits and balances of trade over a period of ten years:

#### A REVIEW OF SPAIN'S FINANCIAL POSITION

Year	Average Quotation	Wholesale Price Index	Cost of Living Index	Note Circulation	Gold Reserve	$Budget \ Deficits^{25}$	$Imports \& Exports \ Total$	Import Surplus
			(1	In millions of d	ollars)			
1919	\$.1982	204	175	\$759.3	\$472		\$475.0	\$45.0
1920		221	191	834.9	474	\$77.3	390.9	64.6
1921		190	189	819.1	485	85.6	597.8	169.1
1922		176	181	798.4	487	177.1	776.4	266.9
1923		172	177	837.2	488	133.8	859.4	270.2
1924		183	184	875.2	489	76.7	914.5	223.2
1925		188	189	856.9	490	59.8	740.0	128.3
1926		181	186	837.4	493	130.6	725.5	105.7
1927		173	190	811.0	502	49.3	864.8	133.4
1928		168	176	822.3	494	19.4	******	*******
1929								
Jan.		171	184	832.2	494	*******	*******	*******
Feb.		173	183	828.7	494	*******	*******	*******
Mar.		174	184	818.9	494	******	*******	•••••
Apr.		*****		821.8	494		******	*******
May		•••••	•••••	•••••	•••••	******	*******	*******

In his official statements the Prime Minister often deals with the monetary situation. He believes that the recent fluctuations of the peseta are attributable almost entirely to the operations of speculators.

He is probably correct, but it might be pointed out that conditions must be favorable for speculation or the peseta would not be so easily affected. One of the conditions which has probably stimulated speculation is the rapid expansion of commercial credit during the last decade and a half. A study of the balance sheets of the five most important banks in Spain from 1914 to 1927 (a summary of which follows) shows that while their liquid assets were four times larger in 1927 than in 1914, the amount of

25. Cf. p. 227. Figure for 1926 includes six months of 1925.

<sup>23.</sup> Royal orders of March 6, 9 and 11 and April 10, 1928.
24. Compiled from figures quoted in the Federal Reserve
Bulletin and the Commerce Yearbook (U. S. Department of
Commerce).

credit granted on the basis of these assets was ten times larger in 1927 than in 1914. In other words, in 1914 the ratio of liquid assets to credits was as 1 to 3, whereas in 1927 it was as 1 to 8.

BALANCE SHEETS OF FIVE SPANISH BANKS\*

 (In thousands of pesetas)

 1914
 1927

 Paid up capital
 103,000
 341,000

 Reserves
 23,902
 162,878

 Profits
 7,223
 72,750

 Average Dividends
 6.10%
 12%

 Accounts Receivable
 272,229
 2,728,000

 Commercial portfolio
 158,113
 1,844,000

#### INDUSTRIAL DEVELOPMENT

\*L'Europe Nouvelle, January 5, 1929.

Under Primo de Rivera a determined effort has been made to foster the production in Spain and by Spanish companies of everything which is essential to the nation. This doctrine of the defense of national production has led to what is practically the control of industry by the State. In 1927 the Spanish government created a Regulating Committee of Industrial Production. It was ordained that without a favorable report from this committee no new industry should be created, and no existing industry extended or transformed.

Industries or businesses from which foreigners derived profits have one by one been brought under the control of the government by royal decrees and turned over to national companies. The distribution of petroleum, which was formerly in the hands of British, French and American companies, is now a government monopoly.26 In 1927 it was decreed that Spanish coal consumers should use Spanish coal in proportion of from 40 to 60 per cent and a national distributing center was created.27 The decree of April 6, 1925 ordered insurance companies to deposit the whole sum of their reserves in Spain. This order was repeated on December 12, 1928 and compliance required within eight days, at the end of which all books were to be ready for inspection, showing that the reserves were held in the Spanish securities specified by the Department of Insurance and Savings.

Again, in the matter of aviation, on January 9, 1928 bids were opened for the operation of sixteen national and international lines. There were two bids, but the government would accept neither, suggesting that the two companies merge. The suggestion was accepted and a company made up of banks and airplane manufacturers was formed to take over the contract. A minimum capital was stipulated, which is to be increased as the development of aviation demands, at the discretion of the Supreme Council of Aeronautics (the body charged by the government with the direction of aviation in Spain). Airships are subject to the inspection of this council, which is also to designate types of plane to be employed. The capital, administration and equipment of the company must be Spanish. The company will not have a monopoly of exploitation, but will receive an annual subsidy of at least 1.5 million pesetas (\$250,000), while the government undertakes not to give its financial support to other competing lines.

The National Economic Council created in 1924 to take charge of these matters expanded so rapidly that in November 1928 it was given regular standing as one of the government departments—the Department of National Economy. New industries are daily being added to the list of monopolies or combinations under government control and the burden of subsidies undertaken by the government grows larger. At present subsidies to national shipping, automobile and motion picture corporations are under consideration, while monopolies in nitrates and radio transmission are being discussed.

This policy has been severely criticized in certain quarters, for it is alleged that concessions go only to supporters of the régime.<sup>28</sup> It is also pointed out that although these subsidies and monopolies benefit certain leaders of industry, they tend to increase prices generally.

The Prime Minister's efforts to encourage home production and legislation favoring national companies has made the present régime popular with the industrial classes. In fact, the middle classes—bankers, traders, merchants and industrialists—form an important nucleus among the supporters of the Prime Minister. It is generally admitted

<sup>26.</sup> Gaceta de Madrid, June 30, 1927.

<sup>27.</sup> Ibid., September 18, 1927.

<sup>28.</sup> The Nation, New York, July 17, 1929.

that any change in government at this time would be as radical as it threatened to be when Primo de Rivera intervened. It is, therefore, to the advantage of the business classes to support the Prime Minister until a gradual change under his direction can be effected. That they realize this has been shown on various occasions, notably in April 1929, when nearly every important industry, bank and business house was reported to have signed a statement of adherence to the present régime.29 On the other hand it is remarked that should the present financial policy fail, the Dictatorship is doomed. Already there are many who believe that continued loans, the shortage of wheat and other crops, higher tariffs abroad on Spanish products and the Prime Minister's concessions policy are gravely endangering the financial stability of the country.

#### COMMUNICATIONS

In an effort to hasten the real unification of Spain, a great deal has been done by the present régime to develop means of communication between the various provinces of Spain. A nation-wide network of concrete roads has been planned, and through a system of subsidies municipalities have been encouraged to build and repair local dirt roads. In February 1926 a commission was created to administer the construction and improvement of a network of roads linking by direct routes all the principal cities in Spain. Over six million miles of road are included in this project.<sup>30</sup>

The government also created a commission to direct the policies of the railroads. The royal decree of July 13, 1924 created a Consejo Superior de Ferrocarriles (National Railway Commission), made up of representatives of the State, the railway companies and concessionaires. This commission was entrusted with the organization and direction of plans for the improvement of the service—fusion of companies, combination of lines, fixing of rates, construction of new lines, electrification of others, etc. State funds were appropriated for this purpose and in addition an internal loan of

29. Spain, Ministry for Foreign Affairs, Información Española, May 1, 1929.

30. Ibid.

Ptas. 500,000,000 (\$80,000,000) was authorized.

In the matter of new lines, preference has been given to those stretches which when completed result in the greatest saving of time. For example, the construction of the stretch over the mountains between Madrid and Valencia, which heretofore have been skirted with long detours, will cut travelling time between those two important centers approximately in half.

These plans have been well received, but there is no telling when they will actually be carried out. In May 1928, *El Debate* says:

"As a matter of fact, nothing can yet be said of the practical results of the new system. It is still in the period of implantation and the grave problems presented have not yet been attacked...."

#### AGRARIAN REFORM

In the field of agrarian reform, the present régime has undertaken much-needed legislation. The eventual prosperity of Spain, an agricultural country, depends to a large extent on its ability to produce a surplus over home consumption for export. Hitherto the peasant, who for the most part works only on rented land for an absentee proprietor, has not felt any incentive to produce as much as the land was capable of raising.

By royal decree of January 7, 1927, the present administration sought to hasten the breaking up of large estates.<sup>31</sup> It ordered that the present tenants on estates which were not exploited by their owners should be given the opportunity of buying the acreage they were working. In order to facilitate this purchase a fund was created out of which 80 per cent of the purchase price was advanced to the peasant, to be returned in installments extending over twenty or twenty-five years.

This legislation is a step in the right direction. Whether or not it will yield significant results depends on the Prime Minister's willingness and ability to enforce it as regards the estates of his friends and supporters.

<sup>31.</sup> La Nación, September 13, 1928.

#### ARBITRATION OF LABOR PROBLEMS

On the advent of the Military Directorate, syndicalist organizations were suppressed and strikes were forbidden, thus depriving industrial workers of their only means of securing a hearing. This offered but a temporary solution of the labor problem and on November 26, 1926, by a decree providing for compulsory arbitration, steps were taken looking to a definite settlement.

One by one arbitration committees, made up of five representatives each of the employer and employee groups, have been set up for the principal industries, businesses and professions in Spain. Agriculture was excepted at first, but in May 1928 three agricultural groups were included in the system: rural proprietors and laborers; land owners and tenants; and producers and consumers of agricultural raw materials.

These local committees are at liberty to unite in Mixed Commissions with a view to controlling certain materials from production to consumption; or in nation-wide corporations, with a view to controlling any specific industrial process, business or profession. In each case the local arbitration committee elects an equal number of employers and employees as representatives to the Mixed Commissions or to the Council of Corporations. The latter in its turn elects a committee to work with the Minister of Labor, Industry and Commerce. Thus the recommendations of the local committees are transmitted to the Department of Labor and their representatives cooperate in suggesting legislation to meet labor problems.

This has greatly strengthened the Socialist party, but if, as many Spaniards assert, it was an attempt to win the support of the party, the administration has failed in its purpose. Sr. Saborit, a leader of the Socialist party, on March 28, 1929 said: "The Socialist party does not support the present administration. It is only cooperating with the administration to obtain that which is its due."

#### EDUCATIONAL MEASURES

The gains made along educational lines since 1923, as officially given in La Nación for September 13, 1928, include the opening of 5,000 new schools and an increase of over 4,000 teachers. On the other hand, partisans of freedom in education (introduced in Spain half a century ago) claim that the de Rivera administration has taken several decidedly backward steps. The most flagrant example of this "reaction," perhaps, was the royal decree of March 1929 conceding to two Catholic institutions the right to grant their own diplomas, in spite of the fact that a bill to that effect had just been rejected by the Assembly.32 Other occurrences during the last two years are pointed to as indicating a return of Catholic domination in education:

- 1. Convent buildings long since sequestrated and used for schools have been turned over to religious orders. On October 17, 1928, for instance, a decree conceded to a chapter of Benedictine Fathers in the province of Lugo full possession of the monastery in Villanueva de Lorenzana.
- 2. The "University City," which is being pushed with great vigor by the present administration with the support of the clergy, is thought to be a direct competitor of such centers of learning as the *Residencias*, the *Centro de Estudios Históricos* and the *Instituto Escuela*, which were founded by liberal intellectuals.

#### **CAUSES OF UNREST**

If almost six years of peace and the comparative prosperity of the country have gained for Primo de Rivera the support of the business classes, certain other aspects of the Dictatorship have, however, alienated various important elements of Spanish life.

In the first place, having saddled himself on the country, the Prime Minister found it impossible to carry out his plans in the short time he allotted himself. Instead of staying three months he has stayed close on to six years. Although he has several times declared that the government was going to take immediate steps toward a return to a constitutional régime, the deed has never followed the word. In an official note to the press on June 12, 1928, he explained the reason for his delay:

<sup>32.</sup> Cf. p. 233.

"I will not deny that I had hoped, or rather had the firm intention of abandoning my post in the month of October next. Several reasons brought me to that decision, principally the fact that I have well earned a legitimate rest....

"The reasons for my changed attitude, however, should be quite apparent. The mere circulation of this rumor—of my intention to take another step toward the re-establishment of normalcy—caused a re-alignment amongst the former political parties, and it became evident that they still desired to intervene in public life under the same organizations as formerly. Of course this was a warning to me, confirming me fully in the opinion that my absence from power would result in the reappearance of all the old political vices."

Again in March 1929, following the Ciudad Real revolt of March 1928 and the student riots,<sup>33</sup> the Dictator intimated that he would soon retire, but five days later he added that this would not occur until after a new constitution had been approved by the Assembly and ratified through a plebiscite. At that time a new Assembly would be elected in which the people would be able to express their will unhampered by the old political allegiances. But Primo de Rivera was careful to point out that this would not take place before the end of 1930 or even 1931.

It is on this point that press opinion in Spain is unanimous in its condemnation of the present régime. *El Debate*, one of the staunchest supporters of Primo de Rivera, said shortly before the Ciudad Real revolt in January:

"We are beginning to suspect that we are losing some of the ground already gained.... We do not counsel great haste or delays; because there is nothing today which calls for a radical change of régime. But on the other hand, neither time nor energy should be wasted, nor the confidence of public opinion shaken, for once that is lost it is but slowly or never regained. Primo de Rivera is still strong enough to finish his undertaking. He would, however, regain many followers should Spain see him once more facing the problem of constitutionality with the generous and conciliating spirit formerly displayed."<sup>34</sup>

#### SUSPENSION OF CONSTITUTION

The second cause for discontent among the critics of the present régime is that during this long period the Constitution has

By the terms of Articles 41-44 of the Constitution, all legislation must be approved by the two Houses and sanctioned by the King. Since 1923 legislation has taken the form of royal decrees, which have never been submitted to the approval of any elected body. To meet this constitutional requirement partially, and perhaps because he was in honest search of advice, the Prime Minister appointed a Consultative National Assembly. It met on October 10, 1927, but has been unable to do anything more valuable than express its opinion on matters brought before it by the Prime Minister. And this opinion is acted upon or not as the government sees fit. The publication in March 1929 of the decree on educational reform allowing two Catholic universities to set up their own examining board is an example in point. There are eleven State universities in Spain. Private teaching is allowed, and it is practically all in the hands of religious institutions. These schools, however, are not permitted to grant titles or degrees of any sort, so that if their students wish to apply for a government appointment (and very little opportunity exists outside of government positions for engineers, pharmacists, doctors, teachers, etc.), they have to pass the government school examinations. When in February last the Consultative National Assembly discussed a bill to allow two Catholic institutions-viz., the Jesuit college at Deusto and the Augustine college at the Escorial-to set up their own examining boards and to grant degrees, the project was rejected by the Assembly, which termed it a reactionary step. Nevertheless the measure was published as a royal decree.

Such procedure has led to the resignation of members who sincerely hoped that by cooperating in the Assembly they might find a solution to the problem of the restoration

Cf. p. 235 ff.
 Quoted in La Prensa, New York, February 4, 1929.

been put aside and all vestiges of democratic government as provided for in that document have been ignored. Article 32 of the Constitution of 1876, in force until its suspension by Primo de Rivera late in 1923, charges the King with the "duty" of convoking the two legislative bodies (one of which is purely elective) within three months of their dissolution. Almost six years have elapsed and no steps to this end have been taken.

of constitutionality. In an open letter to the Prime Minister, which, however, was not published in Spain, Professor Sáinz Rodríguez gave the following reason for his resignation:

"The fact that you refused to allow my interpellation on the student conflict confirms me in my opinion, which I believe is shared by the whole of Spain, that the National Consultative Assembly is absolutely futile; for as in the present case, it often is not permitted to discuss matters of most vital interest to the nation, or an important section of the nation..." <sup>35</sup>

#### REPRESSIVE MEASURES

The third general grievance against the present régime is its use of repressive measures. Meetings for the discussion of political matters and the formation of political parties are expressly forbidden. Since the decree of September 27, 1923, the press has been subject to censorship. The government not only decided what should not be published, but in April 1929 it complained that the press was not devoting enough space to demonstrations favorable to the government, and commenced issuing official statements, which by a decree of February 3, 1929 the press was obliged to print free of charge.

Private conversation is also censored. On February 11 it was decreed that any one overheard criticizing the government or predicting a black future for it would be subject to a fine or imprisonment. after-dinner speech by a noted Spanish author, Sr. Ramón del Valle Inclán, in which he poked fun at the Dictator, led to a decree prohibiting after-dinner speeches for the future. When, a few days later, at a dinner of the Lawyers' Club, the president arose to address the gathering, a policeman stepped up and reminded him of the decree. The president complied with the letter of the law but insisted on delivering his speech by means of gestures and mimicry, to the great delight of his audience. In many similar incidents the Dictator's attempts to bind more firmly his rapidly disintegrating support have been held up to ridicule.

Along with general measures of repression of this sort went other measures designed to apply especially to Catalonians. One of the first measures of the Military

Directorate was to prohibit the use of the Catalan dialect and emblems in schools. churches and other public gatherings and to disband the centers of study directed by home rule organizations.35a These measures have been largely effective in silencing home rule propaganda, but several recent incidents, news of which has leaked out of Spain, would seem to indicate that Catalan autonomy is not the dead question the Dictator wishes Spain to believe. On September 13, 1928, a plot to overthrow the Dictatorship was discovered in Barcelona; and in January 1929 that city was seriously implicated in a movement which the premature revolt of the Ciudad Real garrison disclosed.36

On June 9, 1929, an indirect appeal for consideration of the Catalan problem, undetected by the official censor, appeared in the Madrid evening paper, La Voz. It reported that Foreign Minister Stresemann of Germany had said that the Spanish Basque provinces and Catalonia were included in the question of minorities which was to be discussed at the League of Nations Council meeting in Madrid. This report was immediately denied by the German Embassy in Madrid and called forth a long official statement by the Prime Minister in which he expressed his doubt that the German Foreign Minister should have been so tactless. He affirmed that in Spain no such problem existed, as "for four centuries national unity has been firm, deep-rooted and unshakable."

Yet one month later a newspaper correspondent outside of Barcelona answered in Catalan an invitation written in Spanish by asking that the invitation be translated into Catalan. On hearing of this, the Minister of the Interior, General Martínez Anido, ordered the governor of the province in which the correspondent was living to exile him for a month to the non-Catalan province of Teruel that he might "learn the official language of the country." 37

#### LEADERS CHARGED WITH INCOMPETENCE

In the fourth place, a large number of Spaniards believe that the present administration is not competent to put Spain on her feet again. To show that the Prime

<sup>35</sup>a. Cf. p. 222.

Cf. p. 235.
 La Prensa, New York, July 27, 1929.

<sup>35.</sup> La Nación, Buenos Aires, March 22, 1929.

Minister felt he was not fitted to direct the civil affairs of state, they quote the preamble of the document submitting to the King the decree by which the Military Directorate was constituted:

"But Your Majesty knows that neither I nor the persons associated with me in setting up a new régime believe ourselves to be fitted for the actual execution of ministerial duties; and that it was and continues to be our purpose to constitute but a brief parenthesis in the constitutional march of Spain, which will be terminated as soon as the country offers us men who are not tainted with the vices with which we charge the old political organizations. . . ."

In an attempt to create a non-political body in which "untainted" leaders might be trained, Primo de Rivera organized the *Unión Patriótica*. This body has also come in for its share of criticism. Although the Prime Minister has invited members of any political leaning whatever to join, it is made up solely of his supporters, for by his vigorous attacks upon the old political parties, he definitely alienated their members. In a statement to the press on June 12, 1928 the Prime Minister defended his cherished creation as follows:

"My declarations with regard to the organization and purpose of the *Unión Patriótica* have not been understood.

"Everyone likes to attack this organization, considering it an empty thing, without reality and without importance in the life of Spain. They treat it with absolute disdain as though its acts and development merited such treatment. They are mistaken. The Union Patriótica is something of mine which I have created to give to the nation a governing body which I have tried to surround with the maximum prestige, that it might never fall into the vices of the old political parties. It is an integral part of the constructive task to which I set myself on coming to power."

It may not have been the Prime Minister's original intention to favor members of the Unión Patriótica in any way, but in an address to that organization on September 13, 1928, outlining his policy, he set forth the doctrine of the control of the government by the citizen through the Unión Patriótica. In a later statement, "Epilogue of the Commemoration of September 13," this control was distributed as follows: in municipalities and provincial corporations, the Mayor, his deputy and four-fifths of the corporation must belong to the Unión; and only the remaining fifth may be chosen from among independent persons, regardless of political affiliations,38

The failure of the Dictator to attract former leaders to the ranks of the *Unión Patriótica* explains to a great extent his inability to cope with the problem of securing experienced advice and of establishing a solid foundation for the government which is to succeed him.

#### **EVIDENCES OF UNREST**

Although the Prime Minister was greeted by non-political liberal elements in 1923 with more or less open minds, his repressive measures (especially the exile of Miguel de Unamuno, philosopher and rector of the University of Salamanca) slowly diminished his support among those ranks. When in 1927 a number of liberals were appointed to the Consultative National Assembly, many refused to serve, declaring that they did not wish to cooperate in an unconstitutional venture. Others, however, accepted the nomination, hoping that in matters with which they were familiar they might be able to aid in the process of reconstruction and speed the return to constitutional procedure. But in 1929 even this remnant of disinterested supporters is gradually deserting the Prime Minister, for they feel that their advice in the Assembly has little or no value. Sr. Victor Pradera said on leaving the Assembly in March: "If our only rôle here is to praise, we may just as well stay home. Whenever we wish to express the least criticism the President rings his bell and obliges us to stop. This Assembly is, therefore, completely futile." 39

#### CIUDAD REAL REVOLT

Certain events during 1929 indicate this changing attitude toward the Dictatorship—viz., (1) the Ciudad Real artillery revolt in January-February 1929; (2) the student strike in March and (3) the recent press debate on the political future of Spain.

The Ciudad Real incident occurred on January 29 of this year. Nineteen garrisons at strategic railroad centers and ports

<sup>38.</sup> Current History, December 1928.

<sup>39.</sup> La Nación, Buenos Aires, March 23, 1929.

were implicated in the movement and the press, although unintentionally perhaps, created an atmosphere favorable to revolt by clamoring for steps which might lead to restoration of constitutional government. Even the conservative and most ardent non-official supporter of Primo de Rivera's régime—El Debate—was almost daily publishing editorials in the following vein:

"As to governmental measures looking to constitutional reform, they are very slow. In fact, they do not progress at all and it may be said that since the spring of 1928 they have become practically static. No one can deny the government's activities along other lines, but in this matter of the constitution it is certain that we have taken long vacations."

The revolt of January 1929 differs from that attempted by the Artillery Corps in 1926. It was not a purely military coup, for it was instigated and led by a former Conservative leader and ex-Minister, Sr. Sánchez Guerra. His program was to overthrow the de Rivera régime and restore the Constitution under the Monarchy while there still remained sufficient monarchical sentiment in Spain. The Artillery Corps was the ever-ready tool. Premature discovery of the Ciudad Real plot, however, led to the complete failure of the movement and numerous arrests were made.

In an effort to bolster up his régime both at home and abroad after the Ciudad Real incident, the Premier clamped the lid of speech and press restrictions down tighter and exhorted all Spaniards to remember that the welfare of the nation was at stake. Day after day in his official statements to the press he reminded the nation that any disorder would be reflected in the degree of success of the international expositions in Barcelona and Sevilla, and that nothing should happen to make it necessary for the Council of the League of Nations to cancel its meeting in Madrid.

In order to enforce his request, a series of drastic measures against all expression of criticism of the government's policies were taken. The *Unión Patriótica* and the *Somatén* (a patriotic militia organized by the Prime Minister) are now utilized as centers of information and espionage. By a decree of February 3 these organizations were required to keep a list of all persons who might reasonably be regarded as oppos-

ing the present régime in any way; and they were instructed to report any one overheard criticizing the latter. The decree of February 3 also provided that all government employees might be removed at will by government authorities; and that one-sixteenth of every newspaper's space must be reserved free of charge for government announcements.

These measures were followed on February 19 by a royal decree disbanding the Artillery Corps and closing the Segovia Artillery Academy, in which, it was alleged, the spirit of rebellion against the Dictatorship was perpetuated. The decree also provided for the reorganization by June 1 of the Artillery Corps. Any of its loyal members who wished to be readmitted to the corps were required to petition the government and to pledge their allegiance to Primo de Rivera's administration as well as to the King and the Constitution. The reorganization of the corps was postponed twice and it is practically impossible to ascertain how many former members have requested readmittance.

#### STUDENT STRIKES

In spite of these restrictive measures, the government soon had to face another crisis. Two of its decrees concerning educational matters were considered so arbitrary by the students that they went on strike in protest. The first of these was the decree already referred to, giving two Catholic universities the right to grant degrees. The second grew out of the Artillery Academy episode. The government alleged that by the closing of the Artillery Academy many loyal cadets had been unjustly punished. It therefore decreed in February that those who had not been involved in the disturbances at the school in Segovia preceding the revolt would be allowed to enroll in the Engineering School in Madrid and be given credit for work already done in the Segovia Academy. The engineering students resented the intrusion of such a number of extra competitors in their courses and charged that the group from the Artillery school would be receiving degrees for work much inferior to that which was required of themselves.

On March 9 a majority of the students of the University of Madrid went on strike and tried to prevent other students from attending classes. The government ordered the police to intervene and in many parts of the city there were serious encounters between mounted police and students, although according to official statements no blood was shed.

Students and professors were soon protesting throughout the whole of Spain and on March 17 the government found it necessary to issue a series of decrees40 which provided: (1) that the Central University of Madrid should be closed until October 1930; (2) that students in all but four official universities should lose their matricula, which however might be renewed after a second payment of tuition fees; and (3) that one month be added to the regular school year. Later decrees ordered the closing of the University of Oviedo on April 17 and the University of Barcelona (hitherto exempted from any sanctions) on April 22

In many cases the faculties of these universities were accused of not upholding the government and of sympathizing with the students. In the Universities of Madrid, Barcelona and Oviedo and in the Segovia Artillery Academy, for example, the entire faculty and administrative body were suspended, while Royal Commissions were appointed to investigate the attitude of the professors.

The universities have subsequently been reopened, but since no mention has been made of the decrees against which the students protested, the incident cannot be considered closed.

The measures taken by the administration seem to have served merely to antagonize a powerful and numerous group, which previously had not been in active opposition to the Prime Minister. Thousands of families were involved in the seizure of tuition fees and the closing of the universities; and a number of Spain's most noted professors resigned.

Besides the opposition of the Artillery Corps and the university students, the Spanish government has had to deal with a lukewarm, and whenever occasion permitted, antagonistic press. One of the first decrees issued by the Military Directorate after the coup d'état of September 13, 1923, was that of September 17, which imposed a strict censorship on political news. Occasionally the ban was lifted somewhat, apparently to discover how far press comment would go, but after each display of leniency the censor became even more severe. Early in April 1929 Primo de Rivera was reported as saving that the majority of the Spanish press was critical of his administration. On April 16. however, he corrected this statement, saying that he had been speaking only of the Madrid newspapers: but he added, "they make up in quality for what they lack in quantity." He also admitted that there was a great deal of opposition in the press throughout the rest of Spain.41

#### OPPOSITION PROGRAMS

This was quite evident, especially as the Dictatorship had allowed the publication by El Sol, an influential independent liberal paper, of its ideal political program. The mere fact that this was an article relating to politics would have had news value; but when El Sol declared its disbelief in the "consubstantiality of Monarchy and State," and proclaimed that the principle of responsibility should extend to the executive power, "whether King or President," there was an outburst of press opinion.

The following, El Sol declared, were its principal articles of faith:

- 1. The Monarchy is not synonymous with the Spanish State, nor is the form of government of fundamental importance. But whether the Executive be called King or President, he should be made responsible for his acts.
- 2. The Chief of State should appoint a Cabinet representing the majority in Congress. Should Congress by a two-thirds vote manifest its disapproval of a minister or the entire Cabinet, the minister or Cabinet should be superseded by a Moderator. The latter should have the right to dissolve Congress and call for new elections, if within a certain period the representatives of the people should three times in succession reject those appointed by the Executive Power.
- 3. The Legislative Power should be made up of a Chamber of Deputies, elected by secret ballot and direct universal suffrage, and an Assembly of Corporations, made up of a restricted representation of the various groups:

<sup>40.</sup> Published in El Sol and other Madrid papers, beginning March 19, 1929.

<sup>41.</sup> El Sol, April 17, 1929.

Church, Magistracy, and Army; and of commercial, industrial and workers' associations; syndicates, trade unions, etc.

- 4. The Judicial Power should be absolutely independent of the other two powers and superior to them. It should pass on the constitutionality of the acts of either the Legislature or the Executive without any exception.
- 5. The Army and Navy should be organized with a maximum of efficiency for defensive purposes.
- 6. In international matters, Spain should cooperate with the League of Nations, and should expand its cultural relations with Spanish America, the Philippines, Porto Rico and Portugal without the least tinge of imperialism. It also should demand the return of the City of Tangier and the international zone; and should seek to regain possession of Gibraltar.
- 7. The granting of degrees, as well as the functions of directing and inspecting education, should be the exclusive prerogative of the State, although private instruction should be allowed.
- 8. National unity is an intangible quality and should be strengthened through the granting of the most ample regional autonomy possible. The teaching of both the national and local vernacular should be fostered and officials in those regions where the common language is different from the national should be required to know both.
- 9. Religious liberty should be guaranteed and the exercise of any religion should be allowed; although it is recognized that the majority of Spaniards are Catholic.
- 10. The evil of latifundia [large landed estates] should be attacked by means of the distribution of lands to farm laborers or agrarian syndicates after indemnification to the former owners.

The State should not interfere in any form of legitimate private enterprise as long as it is not monopolistic.

- 11. The development of communications, especially state and county roads, as well as education should be the aim of all parties who aspire to the unification of Spain. Spain should produce only what it can produce most effectively and economically.
- Labor problems should be solved by arbitration, and the social legislation which exists in other democratic countries should be emulated.
- 13. Liberty of speech, whether in public meetings or in the press, is the right of every person.

#### THE REPUBLICAN MOVEMENT

The torrent of comment which greeted this article was an indication of the great interest in the political future of Spain which

has been smothered for so long by the Dictatorship. It also was an indication of the trend of political thought during the last six years of censorship. As the conservative Catholic paper, El Siglo Futuro, pointed out, the trend has been definitely toward the left. This daily summarizes El Sol's program as follows:

"... It can be deduced that the aspirations of the groups for which El Sol is a medium of expression are: in the realm of politics, the principle of pure democracy, the people as the origin of power; in religion, liberty of thought and conscience, and neutrality ... of the State, with equal respect for the exercise of all religions; and in the social order, the principle of the Socialist political economy to transform private into collective property."

#### El Siglo Futuro then asks:

"If this is the program defended by El Sol, whose contributors are socially conservative, bourgeois and 'orderly,' what program would such radical and anti-clerical papers as Heraldo, La Libertad and El Socialista advance?"

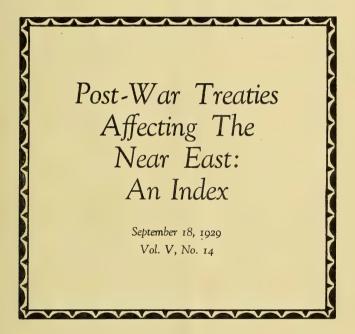
It went on to point out that the liberal groups had already rejected as "innocuous pap" that which they formerly were willing to accept as a compromise; and that the Socialist party had openly declared it was republican and was therefore divorced from any political nucleus supporting forms of government which differed from the one it upheld itself. El Siglo Futuro concluded as follows:

"As a consequence of everything that has been happening these years . . . a state of opinion has crystallized in Spain. And this opinion is not such as to evoke optimism . . . because the trend is toward the left—frankly toward the left. . . ."

The greatest achievement of the Dictatorship would be the successful return to constitutional government. The publication of the draft constitution to replace that of 1876 is a most important indication that the time for such a change is approaching. The question is how that change will be introduced. Will the Prime Minister allow the formation of a political opposition party with a program similar to that published by El Sol, and then call for elections to a Constituent Assembly to discuss the new draft before it is submitted to a plebiscite? If not, one more grievance against the Dictatorship will be added to a growing list, and the opposition will be greatly strengthened.

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## POST-WAR TREATIES AFFECTING THE NEAR EAST: AN INDEX

bu

#### ELIZABETH P. MACCALLUM

with the aid of the Research Staff of the Foreign Policy Association

7 7 1

SINCE the break-up of the Ottoman Empire at the close of the World War a series of entirely new treaties has been entered into by the States established on its ruins. Many of these new treaties are of such recent date or have been of such short duration that they are difficult for students of Near Eastern affairs to find. The present index was compiled to meet the needs of those who have occasion to refer to Near Eastern treaties but who have neither the time nor the facilities for locating published texts or substantial descriptions of the instruments in question. In the following pages the *Treaty Series* of the League of Nations has been used as far as possible. Readers will note that items announced in *Registration of Treaties* (League of Nations) will soon be published *in extenso* in the *Treaty Series* itself, where they may be most satisfactorily consulted.

#### ARABIA

#### ADEN

#### Treaties, Conventions, Agreements

(Aden) Italy-United Kingdom of Great Britain and Ireland. Exchange of notes. Deportation of British Somali subjects expelled from Italian Somaliland, and of Italian native subjects of Italian Somaliland expelled from Aden. Dec. 14, 1925 and Jan. 29, 1926. In force Jan. 29, 1926. League of Nations, Treaty Series, Vol. XLVII. p. 409.

#### General International Conventions, Agreements, etc.

Convention and protocol: control of the trade in arms and ammunition (Saint-Germain-en-Laye). Sept. 10, 1919. Importation of arms and ammunition prohibited in "the Arabian peninsula." [Aden not party to the convention but subject to its provisions owing to British control.] League of Nations, *Treaty Series*, Vol. VII, p. 333.

Convention: supervision of the international trade in arms and ammunition and implements of war (June 17, 1925). Chapter III applicable to "the Arabian peninsula." [Aden not party to the convention but subject to the provisions of Chapter III owing to British control.] League of Nations, Proceedings of the Conference for the Supervision of the International Trade in Arms and Ammunition, A.13. 1925.IX, p. 29.

#### ASIR

#### Treaties, Conventions, Agreements

Asir-Nejd. Treaty. Establishment of Nejdi protectorate over Upper Asir. Signed Oct. 21, 1926. Near East and India, Feb. 3, 1927, p. 117; Association for International Understanding, Bulletin of International News, Mar. 7, 1927; A. Rihani, History of Modern Nejd.

#### General International Conventions, Agreements, etc.

Arms conventions of Sept. 10, 1919 and June 17, 1925 (see Aden). Asir not party to either.

#### HEDJAZ

#### Treaties, Conventions, Agreements

- Hedjaz (Allied and Associated Powers)-Bulgaria.
  Treaty of peace (Neuilly). Signed Nov. 27,
  1919. Not subsequently ratified by Hedjaz.
  Carnegie Endowment for International Peace,
  The Treaties of Peace, Vol. II, p. 653.
- Hedjaz (Allied and Associated Powers)-Germany. Treaty of peace (Versailles). Signed June 28, 1919. Not subsequently ratified by Hedjaz. Carnegie Endowment for International Peace, The Treaties of Peace, Vol. I, p. 3.
- Hedjaz-Nejd-Germany. Treaty of amity. Signed Apr. 26, 1929. Near East and India, May 30, 1929, p. 678.
- Hedjaz-Great Britain. Draft treaty of alliance. Apr. 1923. Rejected by King Hussein. L'Europe Nouvelle, Mar. 15, 1924.
- Hedjaz-Nejd-Great Britain. Treaty of friendship and good understanding. Signed May 20, 1927. Ratifications exchanged Sept. 17, 1927.
  Exchange of letters re manumission of slaves and status of Aqaba. League of Nations, Treaty Series, Vol. LXXI, p. 153.
- Hedjaz-Sudan (Great Britain assenting). Agreement. Port Sudan-Jeddah telegraph cable. Signed Dec. 18, 1926. League of Nations, Treaty Series, Vol. LXIII, p. 185.
- Hedjaz (Allied and Associated Powers)-Turkey.

  Treaty of Sèvres. Signed Aug. 10, 1920 by representatives of the Ottoman government; rejected by Turkish nationalists. Carnegie Endowment for International Peace, The Treaties of Peace, Vol. II, p. 789.
- Hedjaz (Norway-British Empire-Denmark-France-Italy-Japan-Netherlands-Sweden-United States of America). Treaty. Status of the Archipelago of Spitzbergen (Feb. 9, 1920). Accession of Hedjaz announced in U. S., Department of State, Treaty Division, Monthly Bulletin of Treaty Information, May 1, 1929, p. 17. (Text in League of Nations, Treaty Series, Vol. II:1, p. 8.)

#### General International Conventions, Agreements, etc.

International sanitary convention. Signed June 21, 1926. Not yet ratified. League of Nations, Treaty Series, Vol. LXXVIII, p. 231. Arms conventions (see Aden). Hedjaz signed but did not ratify the convention and protocol of Sept. 10, 1919; it was not party to the convention of June 17, 1925.

#### **MUSCAT**

#### Treaties, Conventions, Agreements

Muscat-Great Britain. Treaty prolonging Anglo-Muscat treaty of Mar. 18, 1891. Friendship, commerce and navigation. League of Nations, Treaty Series, Vol. V, p. 60. Renewals: Feb. 11, 1921, Vol. VIII, p. 262; Feb. 11, 1922, Vol. X, p. 460; Feb. 11, 1923, Vol. XVII, p. 164; Feb. 11, 1924, Vol. XXV, p. 388; Feb. 11, 1925, Vol. XXXV, p. 234; Feb. 11, 1926, Vol. LVII, p. 13; Feb. 11, 1927, Vol. LXIV, p. 397. Withdrawal of Australia Feb. 11, 1924, Vol. XXV, p. 388.

#### General International Conventions, Agreements, etc.

Arms conventions of Sept. 10, 1919 and June 17, 1925 (see Aden). Muscat not party to either.

#### NEJD

#### Treaties, Conventions, Agreements

- Nejd-Asir. Treaty. Establishment of Nejdi protectorate over Upper Asir. Signed Oct. 21, 1926. Near East and India, Feb. 3, 1927, p. 117; Association for International Understanding, Bulletin of International News, Mar. 7, 1927; A. Rihani, History of Modern Nejd.
- Nejd-France (Syria). Commercial convention. Rights of travellers. Signed Mar. 19, 1926. L'Europe Nouvelle, Oct. 30, 1926, p. 1509.
- Nejd-Hedjaz-Germany. Treaty of amity. Signed Apr. 26, 1929. Near East and India, May 30, 1929, p. 678.
- Nejd-Hedjaz-Great Britain. Treaty of friendship and good understanding. Signed May 20, 1927. Ratifications exchanged Sept. 17, 1927. Exchange of letters re manumission of slaves and status of Aqaba. League of Nations, Treaty Series, Vol. LXXI, p. 153.
- Nejd-Iraq. Treaty of Muhammarah. Good neighborly relations. Nomad tribes. Signed May 5, 1922. Protocols (Uqair). Boundary. Customs. Signed Dec. 2, 1922. Ratified (date not stated). Great Britain, Colonial Office, Report on Iraq Administration, Apr. 1922-Mar. 1923, p. 183.
- Nejd-Iraq. Bahra agreement. Boundary régime. Signed Nov. 1, 1925. Great Britain, Colonial Office, Agreements with the Sultan of Nejd regarding certain questions relating to the Nejd-Transjordan and Nejd-Iraq frontiers, Cmd. 2566, p. 9.
- Nejd-Transjordan. Hadda agreement. Boundary régime. Signed Nov. 2, 1925. League of Nations, *Treaty Series*, Vol. LX, p. 435 (English version).

#### General International Conventions, Agreements, etc.

Arms conventions of Sept. 10, 1919 and June 17, 1925 (see Aden). Nejd not party to either.

#### YEMEN

#### Treaties, Conventions, Agreements

- Yemen-Italy. Treaty of friendship. Economic relations. Signed Sept. 2, 1926. Ratifications exchanged Dec. 22, 1926. League of Nations, Treaty Series, Vol. LXVII, p. 389 (English translation).
- Yemen-Italy. Supplementary treaty (secret and unconfirmed). Italian military support of

Yemen. Special Italian rights in Yemen. Slave-trade. Alleged to have been signed June 1, 1927. Quoted (with reservations as to accuracy) from Al-Ahram (Egypt) in L'Europe Nouvelle. May 19, 1928, p. 701.

Yemen-Russia. Treaty of friendship and commerce. Signed Nov. 1, 1928. Ratified by U.S.S.R. Central Executive Committee Jan. 23, 1929. Soviet Union Review, Mar. 1929.

#### General International Conventions, Agreements, etc.

Arms conventions of Sept. 10, 1919 and June 17, 1925 (see Aden). Yemen not party to either.

#### **AFGHANISTAN**

#### Treaties, Conventions, Agreements

- Afghanistan-Belgium. Commercial agreement. Signed Feb. 26, 1923. Royal Institute of International Affairs, Survey of International Affairs 1925 (Supplement), p. 1.
- Afghanistan-Egypt. Treaty of peace and friendship. Signed May 30, 1928. Exchange of ratifications, Dec. 10, 1928. Egypt, *Journal* Officiel, Feb. 7, 1929, p. 1.
- Afghanistan-Germany. Treaty of friendship: diplomatic representation. Signed March 3, 1926. Ratifications exchanged Sept. 14, 1926. League of Nations, *Treaty Series*, Vol. LXII, p. 123 (English translation).
- Afghanistan-Great Britain. Treaty of peace. Signed Aug. 8, 1919. Great Britain, Foreign Office, East India (Afghanistan): Papers regarding hostilities with Afghanistan, 1919, Cmd. 324; British Institute of International Affairs, Survey of International Affairs, 1920-1923, p. 381.
- Afghanistan-Great Britain. Treaty of friendship and good neighborly relations; facilities for diplomatic and commercial exchange; arms traffic. Signed Nov. 22, 1921. Ratifications exchanged Feb. 6, 1922. League of Nations, Treaty Series, Vol. XIV, p. 67 (English text).
- Afghanistan-Great Britain. Trade convention. Signed June 5, 1923. Ratifications exchanged Aug. 4, 1923. League of Nations, *Treaty* Series, Vol. XXI, p. 113 (English text).
- Afghanistan-Japan. Treaty of friendship. April 1928. Le Temps, April 6, 1928.
- Afghanistan-Latvia. Treaty of friendship. Signed Feb. 16, 1928. Ratifications exchanged July 6, 1928. League of Nations, *Treaty Series*, Vol. LXXVIII, p. 105 (English translation).
- Afghanistan (Norway-British Empire-Denmark-France-Italy-Japan-Netherlands-Sweden-United States of America). Treaty. Status of the Archipelago of Spitzbergen (Feb. 9, 1920). Accession of Afghanistan announced in U. S., Department of State, Treaty Division, Monthly Bulletin of Treaty Information, May 1, 1929,

- p. 17. (Text of treaty in League of Nations, Treaty Series, Vol. II:1, p. 8.)
- Afghanistan-Persia. Treaty of friendship, neutrality, arbitration. Treatment of border nomad tribes. Signed June 22, 1921. Ratified by Persia Jan. 25, 1922 and on behalf of Afghanistan by the Amir Amanollah Khan, 1923. Ratifications exchanged Sept. 7, 1923. League of Nations, Treaty Series, Vol. XXXIII, p. 295 (English translation).
- Afghanistan-Persia. Treaty of friendship and security. Signed Nov. 28, 1927. Europäische Gesprüche, July 1928, p. 354. Four additional protocols. Signed June 1928. Nieuwe Rotterdamsche Courant, May 19, 1928.
- Afghanistan-Poland. Treaty of friendship. Signed Nov. 3, 1927. Ratifications exchanged Apr. 30, 1928. League of Nations, *Treaty Series*, Vol. LXXIV, p. 90 (English translation).
- Afghanistan-Russia. Treaty mutually recognizing independence. Non-aggression. ghan territories. khara. Financial and other aid from Russia to Afghanistan. Signed Feb. 28, 1921. Manchester Guardian, Mar. 31, 1921; L'Europe Nouvelle, May 28, 1921, p. 702.
- Afghanistan-Russia. Treaty of neutrality and nonaggression. Non-intervention in domestic affairs. Signed Aug, 31, 1926. I. V. Klioutchnikov and A. V. Sabanine, La politique internationale des temps modernes en traités, notes et déclarations, Vol. III, No. 789.
- Afghanistan-Russia. Agreement. Establishment of air service from Tashkent to Kabul. Nov. 28, 1927. Bulletin de l'Institut Intermédiaire International, Apr. 1928, p. 338.
- Afghanistan-Switzerland. Convention of friendship and commerce. Signed Feb. 17, 1928. Ratifications exchanged Apr. 20, 1928. League of Nations, Treaty Series, Vol. LXXIII, p. 331 (English translation).
- Afghanistan-Turkey. Treaty of friendship and cordial collaboration. Turkish advisers for

- Afghanistan. Signed Mar. 1, 1921. Ratified by Afghanistan Oct. 20, 1922. Current History, Feb. 1923 (Vol. XVII, No. 5).
- Afghanistan-Turkey. Treaty of friendship and perpetual peace, mutual assistance, non-aggression. Turkish experts (judicial, scientific and military) for Afghanistan. Signed May 25, 1928. Approved by Turkey Nov. 11, 1928. European Economic and Political Survey, May 15-31, 1928, p. 590; Near East and India, June 7, 1928, p. 713.
- Afghanistan-Union of Soviet Socialist Republics. See "Afghanistan-Russia."

#### EGYPT

#### Treaties, Conventions, Agreements

- Egypt-Afghanistan. Treaty of peace and friendship. Signed May 30, 1928. Exchange of ratifications Dec. 10, 1928. Egypt, *Journal* Officiel, Feb. 7, 1929, p. 1.
- Egypt-Bulgaria. Exchange of notes. Provisional commercial agreement. Signed Mar. 11, 1924. Royal Institute of International Affairs, Survey of International Affairs, 1925 (Supplement), p. 30.
- Egypt-Denmark. See "(Egypt) Great Britain-Denmark."
- Egypt-France. Exchange of notes. Provisional modus vivendi. Status of Syrians and Lebanese in Egypt. Mar. 14 and 16, 1925.

  Journal du droit international, Dec. 1925, p. 1219. Provisional regulation. Mar. 16, 1926. Egypt, Journal Officiel, 1926, No. 74, Supplement.
- Egypt-France. Agreement re French protégés in Egypt. Mar. 25, 1925. Journal du droit international, Vol. LIII, p. 1156.
- Egypt-Germany. Convention re-establishing German consular courts. Journal du droit international. Vol. LIII, p. 229.
- (Egypt) Great Britain. Declaration. Independence of Egypt. Feb. 28, 1922. Great Britain, Foreign Office, Correspondence respecting Affairs in Egypt. (Egypt No. 1, 1922, Cmd. 1592, p. 28-30.)
- Egypt-Great Britain. Exchange of notes. Egyptian indemnity act and termination of martial law in Egypt. July 5, 1923. League of Nations, Treaty Series, Vol. XVIII, p. 312.
- Egypt-Great Britain. Exchange of notes. Foreign officials. Law concerning conditions of service, retirement and dismissal. July 18, 1923. League of Nations, Treaty Series, Vol. XVIII, p. 324.
- Egypt-Great Britain. Draft treaties of alliance. Communicated July 18 and 28, 1927. Great Britain, Foreign Office, Papers regarding negotiations for a treaty of alliance with Egypt (Egypt No. 1, 1928; Cmd. 3050).

Adherence of Afghanistan Oct. 3,
 1928. U. S., Department of State, Treaty Division, Bulletin of Treaty Information, July 5, 1929, p. 3.

General International Conventions, Agreements, etc.

Convention: wounded in war (July 6, 1906). Ad-

International sanitary convention. Signed June 21,

General pact for the renunciation of war (Aug. 27,

herence of Afghanistan effective Apr. 4, 1923. League of Nations, Treaty Series, Vol. XV.

1926. League of Nations, Treaty Series, Vol.

. . .

p. 328,

LXXVIII, p. 231.

- Egypt-Great Britain. Agreement. Ottoman Guaranteed Loan of 1855. Signed Mar. 17, 1929. Exchange of notes relating thereto. League of Nations, Registration of Treaties, June 1929, p. 7.
- Egypt-Great Britain. Nile waters agreement. May 1, 1929. Bulletin of International News, May 25, 1929, p. 577.
- (Egypt)\* Great Britain-Denmark. Agreement. Suppression of capitulations in Egypt. Signed July 14, 1921. League of Nations, Treaty Series, Vol. VI, p. 182.
- (Egypt) Great Britain-Greece. Agreement. Suppression of capitulations in Egypt. Signed Aug. 22 and Sept. 4, 1920. Ratifications exchanged Dec. 22, 1920 and Jan. 4, 1921. League of Nations, *Treaty Series*, Vol. II:4, p. 368.
- (Egypt) Great Britain-Norway. Agreement. Suppression of capitulations in Egypt. Signed Apr. 22, 1921. Ratification not provided for. League of Nations, Treaty Series, Vol. V, p. 34.
- (Egypt) Great Britain-Portugal. Agreement. Suppression of capitulations in Egypt. Signed Dec. 9, 1920. Ratifications exchanged Sept. 29, 1921. League of Nations, Treaty Series, Vol. VII, p. 258.
- (Egypt) Great Britain-Sweden. Agreement. Suppression of capitulations in Egypt. Signed July 8, 1921. Ratification not provided for. League of Nations, Treaty Series, Vol. V, p. 330.
- Egypt-Greece. See also "(Egypt) Great Britain-Greece."
- Egypt-Greece. Exchange of notes. Provisional commercial agreement. Apr. 10, 1926. League of Nations, Treaty Series, Vol. LXI, p. 305.
- Egypt-Hungary. Exchange of notes. Provisional commercial agreement. Signed Feb. 16, 1927. Ratifications exchanged Feb. 28, 1928. League of Nations, Treaty Series, Vol. LXXXI, p. 63; Egypt, Journal Officiel, Mar. 15, 1928 (extraordinary).

<sup>\*</sup>Brackets in this and subsequent cases signify action taken by Great Britain on behalf of Egypt.

- Egypt-Italy. Agreement. Nationality of Libyans resident in Egypt. Signed Apr. 14, 1923. Ratifications exchanged Dec. 30, 1923. Royal Institute of International Affairs, Survey of International Affairs, 1925 (Supplement), p. 85.
- Egypt-Italy. Convention looking toward the establishment of the boundary between the Italian possession of Cyrenaica and Egyptian territory. Signed Dec. 6, 1925. Egypt, Journal Officiel, 1925, No. 117; Bulletin de l'Institut Intermédiaire International, Vol. XIV, p. 258.
- Egypt-Italy. Agreement. Renunciation by Italy of restrictions imposed by the commercial treaty of 1906 in relation to taxation of Italian liquors imported into Egypt. Mar. 31 and Apr. 26, 1921. Italy, Gazzetta Ufficiale, 1926, No. 19, p. 318.
- Egypt-Jugoslavia. Exchange of notes. Provisional commercial agreement. May 12, 1927. Effective in Egypt Jan. 18, 1928. Egypt, Journal Official, Feb. 14, 1929, p. 2.
- Egypt-Norway. See also "(Egypt) Great Britain-Norway."
- Egypt (Norway-British Empire-Denmark-France-Italy-Japan-Netherlands-Sweden-United States of America). Treaty. Status of the Archipelago of Spitzbergen (Feb. 9, 1920). Accession of Egypt announced in U. S., Department of State, Treaty Division, Monthly Bulletin of Treaty Information, May 1, 1929, p. 17. (Text ir League of Nations, Treaty Series, Vol. II:1, p. 8.)
- Egypt-Palestine. Provisional agreement. Extradition of fugitive offenders. Signed Aug. 7, 1922. (Not subject to ratification.) League of Nations, Treaty Series, Vol. XXXVI, p. 344.
- Egypt-Palestine. Exchange of notes. Provisional commercial agreement. June 6 and 21, 1928. Effective Nov. 1, 1928. League of Nations, Treaty Series, Vol. LXXX, p. 277.
- Egypt-Palestine. Convention. Reciprocal enforcement of judgments. Signed Jan. 12, 1929. Palestine, Official Gazette, Feb. 1, 1929, p. 96.
- Egypt-Persia. Treaty of friendship, consular representation, residence. Signed Nov. 28, 1928.
  European Economic and Political Survey, Nov. 30-Dec. 15, 1928, p. 223; Egypt, Journal Officiel, Feb. 7, 1929, No. 13.
- Egypt-Portugal. See "(Egypt) Great Britain-Portugal."
- Egypt-Sweden. See "(Egypt) Great Britain-Sweden."
- Egypt-Switzerland. Exchange of notes. Provisional commercial convention (applicable to Liechtenstein). June 9, 1928. Effective Dec. 26, 1928. Egypt, Journal Officiel, Sept. 24, 1928, p. 3.
- (Egypt-Syria and the Lebanon) Great Britain-France. Agreement relating to Article 34 of the Lausanne Treaty (nationality). July 24, 1923. League of Nations, Treaty Series, Vol. XXXVI, p. 209.

- Egypt-Syria and the Lebanon. Exchange of notes. Provisional commercial convention. June 13, 1928. Egypt, Journal Official, Sept. 24, 1928, p. 3 and Nov. 1, 1928, p. 2.
- Egypt-Tanganyika. Agreement. Parcel post between Egypt and Tanganyika. Sept. 19, 1924 and Feb. 25, 1925. League of Nations, Treaty Series, Vol. XXXVI, p. 410.
- Egypt-Turkey. Exchange of notes. Commercial agreement. Apr. 17, 1926. Egypt, Journal Officiel, 1926, No. 74 (Supplement), p. 2. Extension. Oct. 7, 1926. Ibid., No. 115, p. 349.

#### General International Conventions, Agreements, etc.

- Convention: wounded in war (July 6, 1906). Adherence of Egypt effective Dec. 20, 1923.

  League of Nations, Treaty Series, Vol. XIX, p. 292 and Vol. XXXI, p. 262.
  - Universal postal convention and final protocol: (Nov. 30, 1920). Agreement: letters, etc., declared value. Agreement: money orders. Convention: parcel post. Agreement: payment on delivery. Agreement: postal subscriptions to newspapers. Signed Nov. 30, 1920. Ratification by Egypt Dec. 24, 1921. League of Nations, Treaty Series, Vol. XI, p. 364-6, 378, 380, 382 and 384.
- Universal postal convention (Aug. 28, 1924). Agreement re insured letters and boxes. Parcel post agreement. Agreement re money orders. Agreement re payment on delivery. Agreement re subscriptions to newspapers and periodicals. Ratification by Egypt Apr. 27, 1926. League of Nations, Treaty Series, Vol. XL, p. 21, 251, 313, 443; Vol. XLI, p. 61, 103; Vol. L, p. 169.
- Convention: suppression of circulation of and traffic in obscene publications (Sept. 12, 1923). Adherence of Egypt effective Oct. 13, 1924. League of Nations, Treaty Series, Vol. XXVII, p. 214.
- International opium convention (Jan. 23, 1912) and Geneva protocol (Feb. 19, 1925). Accession by Egypt Mar. 16, 1926. Effective Sept. 25, 1928. Egypt, Journal Officiel, Feb. 11, 1929, p. 2; League of Nations, Treaty Series, Vol. VIII, p. 188; Vol. LXXXI, p. 321.
- International convention (St.-Germain-en-Laye):
  liquor traffic in Africa (Sept. 10, 1919). Adherence by Egypt Mar. 10, 1924. U. S., Department of State, Treaty Division, Monthly Bulletin of Treaty Information, Apr. 1, 1929, p. 7.
- Convention: supervision of the international trade in arms and ammunition in implements of war; declaration regarding the territory of Ifni; protocol: prohibition of the use in war of asphyxiating, poisonous or other gases and of bacteriological methods of war (June 17, 1925). Decree approving above. Sept. 13, 1928. Egypt, Journal Officiel, Sept. 24, 1928, p. 2. Text in League of Nations, Proceedings

- of the Conference for the Supervision of the International Trade in Arms and Ammunition, A.13.1925.IX, p. 29.
- Slavery convention (Sept. 25, 1926). Accession of Egypt Jan. 25, 1928. League of Nations, Treaty Series, Vol. LXIX, p. 114.
- International sanitary convention. Signed by Egypt June 21, 1926. Not yet ratified. League of Nations, Treaty Series, Vol. LXXVIII, p. 231.
- Convention and statute establishing an International Relief Union (July 12, 1927). Ratified by Egypt Aug. 7, 1928. League of Nations, Official Journal, Dec. 1928, p. 1937.
- International convention: abolition of import and export prohibitions and restrictions, with protocol. Signed Nov. 8, 1927. League of Nations, "International Conference for the Abolition of Import and Export Prohibitions and Restrictions," Economic and Financial Questions, 1929, II, 1, p. 12. Supplementary agree-

#### ment and protocol. Signed July 11, 1928. *Ibid.*, 1929, II, 4, p. 7 and 12.

- Convention and protocol: simplification of customs formalities (Nov. 3, 1923). Ratification by Egypt and entry into effect Mar. 23, 1925. League of Nations, Treaty Series, Vol. XXXV, p. 324.
- Convention: international exchange of official documents and scientific and literary publications (Mar. 15, 1886). Decree of promulgation. Oct. 27, 1928. Egypt, Journal Official, Nov. 1, 1928, p. 3.
- International convention: economic statistics, protocol and final act (Dec. 14, 1928). Signed by Egypt. League of Nations, Official Journal, Mar. 1929.
- General treaty for the renunciation of war (Aug. 27, 1928). Adherence of Egypt Mar. 28, 1929. U. S. Daily, Jan. 23, 1929, p. 3. Instrument of adherence deposited May 9, 1929. U. S., Department of State, Treaty Division, Monthly Bulletin of Treaty Information, May 31, 1929.

#### IRAQ

#### Treaties, Conventions, Agreements

- Iraq-Finland. See "(Iraq) Great Britain-Finland."
  Iraq-France. See " (Iraq) Great Britain-France."
- Iraq-Great Britain. Agreement. Money orders. Nov. 28, 1921 and Jan. 16, 1922. League of Nations, Treaty Series, Vol. XII, p. 432. Additional articles. June 25 and July 25, 1927. Ibid., Vol. LXIII, p. 389.
- Iraq-Great Britain. Treaty of alliance. Signed Oct. 10, 1922. Protocol. Signed Apr. 30, 1923. Ratifications exchanged Dec. 19, 1924.
   League of Nations, Treaty Series, Vol. XXXV, p. 14.
- Iraq-Great Britain. British officials agreement. Signed Mar. 25, 1924. Ratifications exchanged Dec. 19, 1924. League of Nations, Treaty Series, Vol. XXXV, p. 36.
- Iraq-Great Britain. Military agreement. Signed Mar. 25, 1924. Ratifications exchanged Dec. 19, 1924. League of Nations, Treaty Series, Vol. XXXV, p. 104.
- Iraq-Great Britain. Judicial agreement. Signed Mar. 25, 1924. Ratifications exchanged Dec. 19, 1924. League of Nations, Treaty Series, Vol. XXXV, p. 132.
- Iraq-Great Britain. Financial agreement. Signed Mar. 25, 1924. Ratifications exchanged Dec. 19, 1924. League of Nations, Treaty Series, Vol. XXXV, p. 146.
- Iraq-Great Britain. Treaty extending duration of former treaty. Signed Jan. 13, 1926. Ratifications exchanged Mar. 30, 1926. League of Nations, Treaty Series, Vol. XLVII, p. 427 (English version).
- Iraq-Great Britain. Draft treaty. Signed Dec. 14, 1927. Unratified to date. Near East and

- India, Dec. 22, 1927; European Economic and Political Survey, Dec. 31, 1927, p. 236; Great Britain, Colonial Office, Iraq: Treaty between the United Kingdom and Iraq, Cmd. 2998.
- (Iraq) Great Britain-Finland. Agreement. Tonnage measurement certificates. Note re exclusion of Iraq. June 21, 1924. League of Nations, Treaty Series, Vol. XXVIII, p. 512.
- (Iraq) Great Britain-France. San Remo oil agreement. Signed Apr. 24, 1920. Great Britain, Foreign Office, Miscellaneous No. 11 (1920), Cmd. 675; Temperley, H. W. V., History of the Peace Conference of Paris, Vol. VI, p. 603.
- (Iraq) Great Britain-France. Convention. Mandates for Syria and the Lebanon, Palestine and Mesopotamia. Boundaries, railways, irrigation and miscellaneous. Signed Dec. 23, 1920. Not subject to ratification. League of Nations, Treaty Series, Vol. XXII, p. 354.
- (Iraq) Great Britain-Nejd. Bahra agreement.
  Boundary régime. Signed Nov. 1, 1925. Great
  Britain, Colonial Office, Arabia: Agreements
  with the Sultan of Nejd regarding certain
  questions relating to the Nejd-Trans-Jordan
  and Nejd-Iraq frontiers, Cmd. 2566, p. 9.
- Iraq-Great Britain-Turkey. Treaty. Settlement of frontier between Turkey and Iraq. Signed June 5, 1926. Ratifications exchanged June 18, 1926. League of Nations, Treaty Series, Vol. LXIV, p. 380. Exchange of notes rectifying Annex to Article I of the above. Apr. 28, 1927. Ibid., p. 393.
- Iraq-India. Arrangement for exchange of money orders. May 30 and Oct. 20, 1921. League of Nations, Treaty Series, Vol. LXIX, p. 139. Agreement for exchange of post parcels. Mar. 23 and Apr. 2, 1922. Ibid., p. 157. Agree-

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Iraq-Persia. Exchange of notes. Provisional commercial agreement. May 23 and June 3, 1928.
Board of Trade Journal, Aug. 30, 1928, p. 277 and Nov. 22, 1928, p. 665; U. S., Commerce Reports, Oct. 1, 1928, p. 63; Board of Trade Journal, Jan. 24, 1929, p. 131.

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VInstitut Intermédiaire International, Apr.
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Protocol: arbitration clauses in commercial matters (Sept. 24, 1923). Accession by Iraq Mar.

12, 1926. League of Nations, Official Journal, Dec. 1928, p. 1929.

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Convention: traffic in women and children (Sept. 30, 1921). Adherence of Iraq effective May 15, 1925. (Reservation concerning article 5.) League of Nations, Treaty Series, Vol. XXXV, p. 300.

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International opium convention (Jan. 23, 1912). Signed by Great Britain on behalf of Iraq Oct. 20, 1924. Effective immediately. League of Nations, Treaty Series, Vol. XXXI, p. 244.

International slavery convention (Sept. 25, 1926).
Accession of Iraq, Jan. 18, 1929. League of Nations, Official Journal, Mar. 1929, p. 347.

Convention: international régime of maritime ports (Dec. 9, 1923). Accession of Iraq May 1, 1929. League of Nations, Registration of Treaties, May 1929, p. 9.

Convention: supervision of the international trade in arms and ammunition and implements of war (June 17, 1925). Chapter III applicable to Iraq. [No action yet taken by the Iraq Parliament associating the country with contracting parties.] League of Nations, Proceedings of the Conference for the Supervision of the International Trade in Arms and Ammunition, A.13.1925.IX, p. 29.

#### PALESTINE\*

#### Treaties, Conventions, Agreements

N. B. For treaties between Palestine and Albania, Austria, Belgium, Bolivia, Chile, Czechoslovakia, Denmark, France, Germany, Greece, Haiti, Liberia, Luxemburg, Netherlands, Panama, Paraguay, Peru, Rumania, Servia (Jugoslavia), Siam, Spain and the U. S. A., see also entries under "(Palestine) Great Britain."

Palestine-Austria. Declarations. Mutual recognition of trade-marks, May 8, 1928 and Aug. 14, 1928. Palestine, Official Gazette, Aug. 16, 1928, p. 507.

Palestine-Egypt. Provisional agreement. Extradition of fugitive offenders. Signed Aug. 7, 1922. Not subject to ratification. League of Nations, Treaty Series, Vol. XXXVI, p. 344.

Palestine-Egypt. Exchange of notes. Provisional commercial agreement. June 6 and 21, 1928.

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<sup>\*</sup>Treaties affecting Palestine apply equally to Transjordan unless otherwise indicated. For treaties affecting Transjordan as distinct from Palestine see section on Transjordan.

- (Palestine) Great Britain-Austria. Extradition treaty (Dec. 3, 1873 and June 26, 1901). Exchange of notes extending application to Palestine (excluding Transjordan). Dec. 5, 1927 and Jan. 23, 1928. League of Nations, Registration of Treaties, Feb. 1929, p. 11.
- (Palestine) Great Britain-Austria-Hungary. Extradition treaty. Exchange of notes recording accession of Palestine (excluding Transjordan). Dec. 8, 1927 and Apr. 25, 1928. League of Nations, Registration of Treaties, June 1929, p. 14.
- (Palestine) Great Britain-Belgium. Extradition convention of Aug. 8, 1923. Exchange of notes extending application to Palestine (excluding Transjordan). Effective Aug. 1, 1928. League of Nations, Registration of Treaties, Feb. 1929, p. 7.
- (Palestine) Great Britain-Bolivia. Extradition treaty (Feb. 22, 1892). Exchange of notes extending application to Palestine (excluding Transjordan). Jan. 8 and Feb. 18, 1928. League of Nations, Registration of Treaties, Feb. 1929, p. 10.
- (Palestine) Great Britain-Bulgaria. Exchange of notes. Provisional commercial agreement (Nov. 12, 1925). Accession of Palestine by exchange of notes. Mar. 25 and 28, 1929. League of Nations, Registration of Treaties, June 1929, p. 12.
- (Palestine) Great Britain-Chile. Extradition treaty (Jan. 26, 1897). Exchange of notes extending application to Palestine (excluding Transjordan). Dec. 29, 1927 and Jan. 13, 1928. League of Nations, Registration of Treaties, Feb. 1929, p. 11.
- (Palestine) Great Britain-Czechoslovakia. Convention. Legal proceedings in civil and commercial matters (Nov. 11, 1924). Adherence by Palestine. League of Nations, Treaty Series, Vol. LIX, p. 386.
- (Palestine) Great Britain-Denmark. Extradition treaty (Mar. 31, 1873). Accession of Palestine (excluding Transjordan) by exchange of notes. Dec. 5, 1927 and Feb. 10, 1928. League of Nations, Treaty Series, Vol. LXIX, p. 135.
- (Palestine) Great Britain-Ecuador. Extradition treaty. Accession of Palestine (excluding Transjordan) by exchange of notes. Dec. 24, 1927 and Jan. 19, 1928. League of Nations, Registration of Treaties, June 1929, p. 14.
- (Palestine) Great Britain-France. Convention. Mandates for Syria and the Lebanon, Palestine and Mesopotamia. Boundaries, railways, irrigation and miscellaneous. Signed Dec. 23, 1920. Not subject to ratification. League of Nations, Treaty Series, Vol. XXII, p. 354.
- (Palestine) Great Britain-Germany. Agreement. Reciprocity as to British and German visas.

- Non-application to Palestine. Mar. 14, 1929. Palestine, Official Gazette, May 1, 1929, p. 279.
- (Palestine) Great Britain-Greece. Extradition treaty (Sept. 24, 1910). Exchange of notes extending application to Palestine (excluding Transjordan). Dec. 5, 1927 and Apr. 19, 1928. League of Nations, Registration of Treaties, Feb. 1929, p. 13.
- (Palestine) Great Britain-Greece. Treaty of commerce and navigation of July 16, 1926. Accession of Palestine effective Mar. 29, 1927. Palestine, Official Gazette, June 1, 1927, p. 359.
- (Palestine) Great Britain-Haiti. Extradition treaty (Dec. 7, 1874). Exchange of notes extending application to Palestine (excluding Transjordan). Dec. 28, 1927 and Jan. 13, 1928. League of Nations, Registration of Treaties, Feb. 1929, p. 9.
- (Palestine) Great Britain-League of Nations. British mandate for Palestine. Approved by League Council July 24, 1922. Entered into effect Sept. 29, 1923. Text in League of Nations, Council Minutes, Aug. 1922, p. 1007.
- (Palestine) Great Britain-Liberia. Extradition treaty (Dec. 16, 1892). Exchange of notes extending application to Palestine (excluding Transjordan). Dec. 19, 1927 and Oct. 16, 1928. League of Nations, Registration of Treaties, Feb. 1929, p. 10.
- (Palestine) Great Britain-Luxemburg. Extradition treaty (Nov. 24, 1880). Accession of Palestine (excluding Transjordan) by exchange of notes. Dec. 1, 1927 and Jan. 27, 1928. League of Nations, Treaty Series, Vol. LXIX, p. 131.
- (Palestine) Great Britain-Netherlands. Extradition treaty (Sept. 26, 1898). Exchange of notes. Accession of Palestine (excluding Transjor-dan). Dec. 1, 1927 and Jan. 27, 1928. League of Nations, Registration of Treaties, Mar. 1928, p. 10.
- (Palestine) Great Britain-Panama. Extradition treaty (Aug. 25, 1906). Exchange of notes extending application to Palestine (excluding Transjordan). Dec. 30, 1927 and Jan. 24, 1928. League of Nations, Registration of Treaties, Feb. 1929, p. 12.
- (Palestine) Great Britain-Paraguay. Extradition treaty (Sept. 12, 1908). Exchange of notes extending application to Palestine (excluding Transjordan). Jan. 3 and 16, 1928. League of Nations, Registration of Treaties, Feb. 1929, p. 18.
- (Palestine) Great Britaín-Peru. Extradition treaty (Jan. 26, 1904). Exchange of notes extending application to Palestine (excluding Transjordan). Dec. 26, 1927 and Jan. 16, 1928. League of Nations, Registration of Treaties, Feb. 1929, p. 12.
- (Palestine) Great Britain-Rumania. Extradition treaty (Mar. 21, 1893). Exchange of notes extending application to Palestine (excluding

- Transjordan). Dec. 14, 1927 and Jan. 11 and 12, 1929. League of Nations, Registration of Treaties, Feb. 1929, p. 10.
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- (Palestine) Great Britain-Spain. Extradition treaty (Feb. 19, 1889). Exchange of notes extending application to Palestine (excluding Transjordan). Dec. 3, 1927 and Feb. 13, 1928. League of Nations, Registration of Treaties, Feb. 1929, p. 9.
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- (Palestine) Great Britain-United States of America. Convention. Rights in Palestine. Signed Dec. 3, 1924. Ratifications exchanged Dec. 3, 1925. League of Nations, Treaty Series, Vol. XLIII, p. 41.
- Palestine-Iraq. Exchange of notes. Agreement re parcel post service, May 29, 1926 and Aug. 4, 1927. League of Nations, Treaty Series, Vol. LXXX, p. 212.
- Palestine-Syria. Agreement. Automobile traffic. Signed Oct. 21, 1925. Palestine, Official Gazette, 1925, No. 150, p. 517. Modification of agreement. Ibid., 1926, No. 163, p. 262.
- (Palestine-Syria) Great Britain-France. Exchange of notes. Boundary between Syria and Palestine. Mar. 7, 1923. League of Nations, Treaty Series, Vol. XXII, p. 364.
- (Palestine-Syria and the Lebanon) Great Britain-France. Boundary agreement. Signed Dec. 23, 1920. L'Europe Nouvelle, Aug. 17, 1929, p. iv.
- (Palestine-Syria) Great Britain-France. Agreement of good neighborly relations on behalf of Palestine on the one part, and on behalf of Syria and Great Lebanon on the other part. Signed Feb. 2, 1926. Came into force immediately. League of Nations, Treaty Series, Vol. LVI, p. 79. Amendment by exchange of notes. Mar. 14 and 21, 1927. Ibid., Vol. LXIII, p. 426.
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- and for Syria May 18, 1929. In force June 1, 1929. Palestine, *Official Gazette*, June 1, 1929, Supplement 6.
- Palestine-Transjordan. Convention. Judicial commissions in criminal and civil cases. Signed May 20, 1927. Palestine, Official Gazette, Nov. 1, 1928, p. 676.
- Palestine-Transjordan. Convention. Transit of goods through Palestine destined for Transjordan. Signed Sept. 26, 1928. Palestine, Official Gazette, Oct. 1, 1928, p. 591.

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- Universal postal convention and final protocol (Nov. 30, 1920). Adherence of Palestine effective Oct. 5, 1923. League of Nations, Treaty Series, Vol. XIX, p. 272.
- Universal postal convention (Aug. 28, 1924). Ratified by Great Britain on behalf of Palestine Sept. 28, 1925. League of Nations, Treaty Series, Vol. XL, p. 21. Agreement re insured letters and boxes. Ibid., p. 251.
- Convention: transmission in transit of electric power (Dec. 9, 1923). Accession by Great Britain on behalf of Palestine Sept. 22, 1925. League of Nations, Treaty Series, Vol. LVIII, p. 317.
- Convention and statute: freedom of transit (Apr. 20, 1921). Accession of Palestine effective Jan. 28, 1924. League of Nations, *Treaty Series*, Vol. XXIV, p. 154.
- Convention. International régime of maritime ports (Dec. 9, 1923). Accession by Great Britain on behalf of Palestine Sept. 22, 1925. League of Nations, Treaty Series, Vol. LVIII, p. 287.
- Convention and statute: régime of navigable waterways of international concern and additional protocol (Apr. 20, 1921). Adherence effective Jan. 28, 1924. League of Nations, Treaty Series, Vol. XXIV, p. 156.
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- Protocol: arbitration clauses in commercial matters (Sept. 24, 1923). Accession of Palestine Mar. 12, 1926. League of Nations, Official Journal, Dec. 1928, p. 1929.
- International sanitary convention (June 21, 1926).
  Accession of Palestine and Transjordan notified Oct. 8, 1928. Palestine, Official Gazette, Feb. 16, 1929, p. 126.
- International convention for the suppression of the circulation of and traffic in obscene publications. Accession of Palestine and Transjordan May 23, 1927. League of Nations, Treaty Series, Vol. LIX, p. 357.

- Opium convention (Jan. 23, 1912). Signature by Great Britain for Palestine and entry into effect Aug. 21, 1924. League of Nations, Treaty Series, Vol. XXIV, p. 162.
- Convention: supervision of the international trade in arms and ammunition and implements of war (June 17, 1925). Chapter III applicable to Palestine. [Palestine not party to the convention but subject to the provisions of Chapter III owing to British mandatory control.]

  League of Nations, Proceedings of the Conference for the Supervision of the International Trade in Arms and Ammunition, A.13.1925.IX, p. 29.

## Copyright convention (Nov. 13, 1908) and additional protocol (Mar. 20, 1914). Adherence effective Mar. 21, 1924. League of Nations, Treaty Series, Vol. XXIV, p. 142.

- Convention. Use of white (yellow) phosphorus for matches (Sept. 26, 1906). Registered adherence Sept. 30, 1925. League of Nations, Treaty Series, Vol. XXXIX, p. 226.
- Convention: equality of treatment for national and foreign workmen as regards workmen's compensation for accidents (May-June 1925). Applied to Palestine without modification May 6, 1929. Palestine, Official Gazette, May 16, 1929, p. 537.

#### **PERSIA**

#### Treaties, Conventions, Agreements

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- Persia-Afghanistan. Treaty of friendship and security. Signed Nov. 28, 1927. Europäische Gespräche, July 1928, p. 354. Four additional protocols. Signed June 1928. Nieuwe Rotterdamsche Courant, May 19, 1928.
- Persia-Austria. Provisional commercial agreement. June 17, 1928. Board of Trade Journal, Aug. 23, 1928, p. 251.
- Persia-Belgium. Provisional agreement. Diplomatic representation, establishment, customs.

  May 15, 1928. European Economic and Political Survey, July 15, 1928, p. 694.
- Persia-China. Treaty. Friendship and cordial understanding. Signed June 1, 1920. Ratifications exchanged Feb. 6, 1922. League of Nations, Treaty Series, Vol. IX, p. 18.
- Persia-Czechoslovakia. Provisional agreement. Abolition of capitulations. Signed May 1928.

  Nieuwe Rotterdamsche Courant, May 18, 1928.
- Persia-Czechoslovakia. Provisional treaty. Diplomatic representation, establishment, customs. June 17, 1928. Provisionally in effect in Czechoslovakia from July 1, 1928. European Economic and Political Survey, July 15, 1928, p. 696.
- Persia-Czechoslovakia. Convention. Commerce, customs and navigation. Signed Apr. 30, 1929. Messager de Téhéran, May 3, 1929.
- Persia-Denmark. Exchange of notes. Provisional settlement of relations. Signed Sept. 8, 1928.

  League of Nations, Registration of Treaties, Oct. 1928, p. 4; Handelsberichten, Oct. 4, 1928, p. 1411; U. S., Commerce Reports, Oct. 29, 1928, p. 321.
- Persia-Egypt. Treaty of friendship, consular representation, residence. Signed Nov. 28, 1928.

- European Economic and Political Survey, Nov. 30-Dec. 15, 1928, p. 223; Egypt, Journal Official, Feb. 7, 1929, No. 13.
- Persia-France. Provisional agreement. Diplomatic representation, establishment, customs. May 11, 1928. Came into force immediately. European Economic and Political Survey, July 15, 1928, p. 693; League of Nations, Registration of Treaties, Oct. 1928, p. 4; France, Journal Officiel, May 13, 1928, p. 5414 and Aug. 10, 1928, p. 9190.
- Persia-France. Treaty of friendship. Signed May 10, 1929. Messager de Téhéran, May 17, 1929.
- Persia-Germany. Denunciation by Persia of treaty of commerce. Effective May 10, 1928. Nieuwe Rotterdamsche Courant, May 12, 1927.
- Persia-Germany. Note. Diplomatic representation, establishment, customs. May 15, 1928. European Economic and Political Survey, July 15, 1928, p. 695.
- Persia-Germany. Treaty of friendship and arbitration. Signed Feb. 17, 1929. Messager de Téhéran, Feb. 18, 1929.
- Persia-Germany. Convention. Establishment. Signed Feb. 27, 1929. Messager de Téhéran, Feb. 21, 1929.
- Persia-Germany. Convention. Commerce, customs and navigation. Signed Feb. 17, 1929. Messager de Téhéran, Feb. 22, 1929.
- Persia-Great Britain. Secret agreement between the governments of Great Britain and Persia. Aug. 9, 1919. Denounced by Persia June 1921. British Institute of International Affairs, A History of the Peace Conference of Paris, Vol. VI, p. 212; International Conciliation, No. 145 (Dec. 1919), p. 1440.
- Persia-Great Britain. Exchange of notes. Agreement modifying commercial convention of Feb. 9, 1903 and Mar. 21, 1920. League of Nations, Treaty Series, Vol. IV, p. 48. Denunciation by Australia and Canada, Feb. 18, 1922. Ibid., Vol. XI, p. 386, 388.
- Persia-Great Britain. Provisional commercial treaty. May 10, 1928. European Economic and Political Survey, July 15, 1928, p. 689.

- Persia-Great Britain. Note. Position of British nationals in Persia. May 10, 1928. European Economic and Political Survey, July 15, 1928, p. 691.
- Persia-Iraq. Exchange of notes. Provisional commercial agreement. May 23 and June 3, 1928.

  Board of Trade Journal, Aug. 30, 1928, p. 277
  and Nov. 22, 1928, p. 665; U. S., Commerce Reports, Oct. 1, 1928, p. 63; Board of Trade Journal, Jan. 24, 1929, p. 131.
- Persia-Italy. Provisional agreement. Abolition of capitulations. May 1928. Nieuwe Rotterdamsche Courant, May 18, 1928.
- Persia-Italy. Commercial agreement. Signed June 6, 1928. Association for International Understanding, Bulletin of International News, Vol. V, No. 1, p. 15; Nieuwe Rotterdamsche Courant, June 29, 1928.
- Persia-Japan. Exchange of notes. Provisional agreement. Amity, establishment, customs, commercial relations. Mar. 30, 1929. Messager de Téhéran, Apr. 3, 1929.
- Persia-Netherlands. Denunciation of treaty of friendship and commerce of July 3, 1857. Issued June 7, 1927. Effective May 10, 1928. League of Nations, *Treaty Series*, Vol. LIX, p. 437.
- Persia-Netherlands. Exchange of notes. Provisional settlement of relations of friendship and commerce. Signed June 20, 1928. League of Nations, Treaty Series, Vol. LXXXI, p. 433.
- Persia-Norway. Treaty of friendship and commerce of 1857. Denounced by Persia, terminating July 20, 1928. Norsk Lovtidende, II, 1927, No. 4, p. 855.
- Persia-Poland. Treaty of friendship, commerce and residence. Mar. 19, 1927. Echo de Turquie, Mar. 19, 1927. Ratification by Poland. Le Temps, Dec. 16, 1928.
- Persia-Russia. Treaty of friendship, restitution, security. Feb. 26, 1921. League of Nations, *Treaty Series*, Vol. IX, p. 401 (English translation).
- Persia-Russia. Postal convention. Signed Apr. 25, 1923. Ratifications exchanged Dec. 14, 1927. Isvestia, Dec. 15, 1927.
- Persia-Russia. Telegraphic convention. Signed Apr. 27, 1923. Ratifications exchanged Dec. 14, 1927. Isvestia, Dec. 15, 1927.
- Persia-Russia. Trade agreement, July 3, 1924. Russian Review, Aug. 15, 1924, Vol. II, p. 76.
- Persia-Russia. Pact of neutrality and non-aggression. Signed Oct. 2, 1927. Ratifications exchanged Jan. 31, 1928. European Economic and Political Survey, Oct. 15, 1927, p. 69; L'Europe Nouvelle, Oct. 29, 1927, p. 1457.
- Persia-Russia. Exchange of notes. Commercial agreement. Oct. 2, 1927. Included in series of agreements published in Messager de Téhéran, Nov. 4-Nov. 16, 1927.

- Persia-Russia. Convention. Exploitation of fisheries in the southern Caspian. Signed Oct. 2, 1927. Ratifications exchanged Jan. 31, 1928. Included in series of agreements published in Messager de Téhéran, Nov. 4-Nov. 16, 1927.
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- Persia-Russia. Customs convention. Signed Oct. 2, 1927. Ratifications exchanged Jan. 31, 1928. Included in series of agreements published in Messager de Téhéran, Nov. 4-Nov. 16, 1927.
- Persia-Russia. Commercial treaty. Aug. 1927. Included in series of agreements published in Messager de Téhéran, Nov. 4-Nov. 16, 1927.
- Persia-Russia. Protocol. Linking of air-ways established in the two countries. Signed Nov. 24, 1927. Isvestia, Nov. 27, 1927.
- Persia-Russia. Agreement. Campaign against locusts. Signed Mar. 1928. Nieuwe Rotter-damsche Courant, Mar. 12, 1928.
- Persia-Russia. Convention. Crossing of border by inhabitants of border territories. Signed May 31, 1928. Bulletin de l'Institut Intermédiaire International, Oct. 1928, p. 384.
- Persia-Russia. Convention. Customs. Mar. 10, 1929. (Not subject to ratification). In force Mar. 24, 1929 to May 1936. Messager de Téhéran, Mar. 13, 1929.
- Persia-Russia. Agreement. Parcel post. Signed Apr. 30, 1929. Messager de Téhéran, May 3, 1929, p. 4.
- Persia-Sweden. Exchange of notes. Provisional settlement of relations. July 30 and Aug. 9, 1928. League of Nations, *Treaty Series*, Vol. LXXX, p. 407.
- Persia-Sweden. Treaty. Amity, commerce and navigation. Signed May 16, 1929. Messager de Téhéran, May 19, 1929.
- Persia-Switzerland. Exchange of notes. Provisional agreement. Establishment and commerce. Aug. 28, 1928. Recueil des lois fédérales, Sept. 19, 1928, p. 755.
- Persia-Turkey. Treaty of friendship, neutrality and non-aggression. Apr. 22, 1926. Approved by Turkey Nov. 30, 1928. Association for International Understanding, Bulletin of International News, Vol. II, No. 15 (Special Supplement). Protocol. Military and economic cooperation. Signed June 15, 1928. European Economic and Political Survey, July 15, 1928, p. 718.
- Persia-Turkey. Provisional customs agreement. May 29, 1926. Extension to May 31, 1928. Révue de l'Institut International du Commerce, Vol. IV, 1, p. 71.
- Persia-Union of Soviet Socialist Republics. See "Persia-Russia."

- Persia-United States of America. Note. Provisional agreement. Modus vivendi pending negotiation of a treaty to replace American-Persian treaty of 1856. May 14, 1928. European Economic and Political Survey, July 15, 1928, p. 694; U. S. Daily, May 18, 1928, p. 1.
- General International Conventions, Agreements, etc.
- Amendments to the Covenant of the League: Article 4, Article 6 (last paragraph), Article 6 (new paragraph), Article 13, Article 16, Article 26 (first paragraph) and Article 26 (new paragraph). Signed by Persia Oct. 5, 1921 but not yet ratified. League of Nations, Official Journal, Dec. 1928, p. 1938-1944.
- Amendment to Article 393 of the Versailles Treaty (Nov. 2, 1922): Ratified by Persia Aug. 14, 1928. League of Nations, Official Journal, Dec. 1928, p. 1945.
- Protocol of signature of the Permanent Court of International Justice (Dec. 16, 1920). Signed by Persia. Not yet ratified. League of Nations, Official Journal, Dec. 1928, p. 1926. (Optional clause not signed.) Final act of conference (Sept. 23, 1926). Signed by Persia. Net yet ratified. Ibid., p. 1928.
- International convention: suppression of traffic in women and children (Sept. 30, 1921). Signed by Persia. Not subsequently ratified. League of Nations, Official Journal, Nov. 1925, p. 1568.
- International convention: suppression of the circulation of and traffic in obscene publications (Sept. 12, 1923). Signed by Persia but not yet ratified. League of Nations, Official Journal, Dec. 1928, p. 1916.
- International opium convention (Jan. 23, 1912). Signed by Persia, with reservations respecting Article 3a and Articles 15-19. Not yet ratified. League of Nations, Treaty Series, Vol. VIII, p. 188.
- Convention drawn up by the Second Opium Conference, protocol and final act (Feb. 19, 1925). Signed by Persia. Not yet ratified. League of Nations, Advisory Committee on Traffic in Opium, Report to the Council on the Work of the Twelfth Session, Feb. 2, 1929. C.33.1929. XI, p. 10.
- Slavery convention. Signed Sept. 25, 1926. Not

- yet ratified. League of Nations, Treaty Series, Vol. LX, p. 255.
- International sanitary convention. Signed June 21, 1926. Not yet ratified. League of Nations, Treaty Series, Vol. LXXVIII, p. 231.
- Convention and statute: freedom of transit (Apr. 20, 1921). Signed by Persia. Not yet ratified. League of Nations, Official Journal, Dec. 1928, p. 1902.
- Declaration recognizing the right to a flag of states having no sea coast (Apr. 20, 1921). Signed by Persia but not yet ratified. League of Nations, Official Journal, Dec. 1928, p. 1906.
- Convention and protocol: simplification of customs formalities (Nov. 3, 1923). Adherence effective May 8, 1925. League of Nations, *Treaty* Series, Vol. XXXV, p. 324.
- Universal postal convention (Aug. 28, 1924). Agreement re insured letters and boxes. Parcel post agreement. Agreement re money orders. League of Nations, Treaty Series, Vol. XL, p. 21, 251, 313 and 443.
- Convention: regulation of aerial navigation. Signed Oct. 13, 1919. Ratified by Persia July 8, 1925. League of Nations, Registration of Treaties, Dec. 1928, p. 13. Protocol amending above (Oct. 27, 1922). Ratification July 8, 1925. League of Nations, Treaty Series, Vol. LXXVIII, p. 438. Protocol amending Article 34. Ratification Nov. 10, 1925. Ibid., p. 441.
- Provisions for conveyance of mails by air. Adopted Sept. 10, 1927. Effective in Persia. League of Nations, *Treaty Series*, Vol. LXXV, p. 9.
- Provisions concerning the transmission of air parcels. Adopted Sept. 10, 1927. League of Nations, Treaty Series, Vol. LXXV, p. 41.
- Convention and protocol. Control of trade in arms and ammunition (Sept. 10, 1919). Adherence effective Mar. 27, 1920. League of Nations, Treaty Series, Vol. XXIV, p. 158.
- General pact for the renunciation of war (Aug. 27, 1928). Accession of Persia notified to U. S. Government Oct. 3, 1928. League of Nations, Official Journal, Dec. 1928, p. 1947. Instrument of adherence deposited in Washington July 25, 1929. U. S., Department of State, Treaty Division, Bulletin of Treaty Information, July 31, 1929, p. 22.

#### SYRIA

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Syria and the Lebanon-Egypt. Exchange of notes.
Provisional commercial convention. June 13,
1928. Egypt, Journal Officiel, Sept. 24, 1928,

p. 3 and Nov. 1, 1928, p. 2.

- Syria and the Lebanon-Egypt. See also "(Syria and the Lebanon-Egypt) France-Great Britain."
- (Syria and the Lebanon) France-Great Britain. Convention. Mandates for Syria and the Lebanon, Palestine and Mesopotamia. Boun-
- daries, railways, irrigation and miscellaneous. Signed Dec. 23, 1920. (Not subject to ratification.) League of Nations, *Treaty Series*, Vol. XXII, p. 354.
- (Syria and the Lebanon) France-Great Britain.

  Agreement. Exchange of money orders.

  Signed June 12, 1928. Great Britain. Treaty

  Series, No. 19 (1928), Cmd. 3202.
- (Syria and the Lebanon-Egypt) France-Great Britain. Agreement relating to Article 34 of the Lausanne Treaty (re nationality). July 24,

- 1923. League of Nations, Treaty Series, Vol. XXXVI, p. 209.
- (Syria and the Lebanon-Palestine) France-Great Britain. Boundary agreement. Signed Dec. 23, 1920. L'Europe Nouvelle, Aug. 17, 1929, p. iv.
- (Syria-Palestine) France-Great Britain. Exchange of notes. Boundary between Syria and Palestine. Mar. 7, 1923. League of Nations, Treaty Series, Vol. XXII, p. 364.
- (Syria and the Lebanon-Palestine) France-Great Britain. Agreement of good neighborly relations on behalf of Palestine on the one part, and on behalf of Syria and Great Lebanon on the other part. Signed Feb. 2, 1926. Came into force immediately. League of Nations, Treaty Series, Vol. LVI, p. 79. Amendment by exchange of notes, Mar. 14 and 21, 1927. Ibid., Vol. LXIII, p. 426.
- (Syria-Palestine) France-Great Britain. Customs agreement superseding an agreement of Oct. 1, 1921. Signed for Palestine May 4, 1929 and for Syria May 18, 1929. In force June 1, 1929. Palestine, Official Gazette, June 1, 1929, Supplement 6.
- (Syria and the Lebanon) France-League of Nations. French mandate for Syria and the Lebanon. Approved by League Council July 24, 1922. Entered into effect Sept. 29, 1923. League of Nations, Council Minutes, Aug. 1922, p. 1013.
- (Syria and the Lebanon) France-Nejd. Commercial convention. Rights of travellers. Signed Mar. 19, 1926. L'Europe Nouvelle, Oct. 30, 1926, p. 1509.
- (Syria) France-Turkey. Agreement. Cessation of hostilities along the Turco-Syrian frontier. Signed Mar. 9, 1921. L'Europe Nouvelle, Mar. 26, 1921.
- (Syria) France-Turkey. Agreement. (Known alternatively as the Angora Agreement or the Franklin-Bouillon Agreement.) Signed Oct. 20, 1921. Approved by French government Oct. 28, 1921, such approbation entailing de plano that of the Turkish government. League of Nations, Treaty Series, Vol. LIV, p. 179.
- (Syria and the Lebanon) France-Turkey. Customs agreement. Signed July 26, 1925. Ratified by Turkey June 9, 1926. La Législation Turque, Vol. IV:20, p. 631.
- (Syria and the Lebanon) France-Turkey. Convention of friendship and good neighborly relations. Signed May 30, 1926. Ratifications exchanged Aug. 12, 1926. League of Nations, Treaty Series, Vol. LIV, p. 195.
- (Syria) France-Turkey. Commercial and customs agreement. Signed Dec. 23, 1926. Board of Trade Journal, July 7, 1927.
- (Syria and the Lebanon) France-United States of America. Convention. Rights in Syria and the Lebanon. Signed Apr. 4, 1924. Ratifica-

- tions exchanged July 13, 1924. U. S., Department of State, Treaty Series, No. 695.
- Syria and the Lebanon-Iraq. Customs convention. Signed Jan. 16, 1925. In force Apr. 1, 1925. League of Nations, *Treaty Series*, Vol. XLIX, p. 21 (English version).
- Syria and the Lebanon-Iraq. Agreement. Goods in transit. Oct. 1925. Iraq, Government Gazette, 1925, No. 17.
- Syria-Palestine. See also "(Syria and the Lebanon-Palestine) France-Great Britain."
- Syria-Palestine. Agreement. Automobile traffic. Signed Oct. 21, 1925. Palestine, Official Gazette, 1925, No. 150, p. 517. Modification of agreement. Ibid., 1926, No. 163, p. 262.
- Syria-Turkey. See "(Syria and the Lebanon) France-Turkey."

#### General International Conventions, Agreements, etc.

- Convention: industrial property (Mar. 20, 1883), additional act (Dec. 14, 1900) and convention and final protocol (June 2, 1911). Adherence effective Sept. 1, 1924. League of Nations, Treaty Series, Vol. XXIV, p. 202. Revision. Signed Nov. 6, 1925. Ibid., Vol. LXXIV, p. 291.
- Agreement: false indications of origin on goods (Apr. 14, 1891). Revision. Signed Nov. 6, 1925. League of Nations, *Treaty Series*, Vol. LXXIV, p. 321. Agreement (June 2, 1911). Adherence effective Sept. 1, 1924. *Ibid.*, Vol. XXIV, p. 202, 208.
- Agreement: International registration of industrial designs or models. Signed Nov. 6, 1925.

  League of Nations, Treaty Series, Vol. LXXIV, p. 343.
- Copyright convention (Nov. 13, 1908). Adherence effective Aug. 1, 1924. League of Nations, Treaty Series, Vol. XXIV, p. 140. Additional protocol (Mar. 20, 1914). Adherence effective Mar. 28, 1925. Ibid., Vol. XXXV, p. 296.
- Universal postal convention and final protocol (Nov. 30, 1920). Agreement: letters, etc., declared value. Agreement: money orders. Convention: parcel post. Adherence effective Oct. 30, 1923. League of Nations, Treaty Series, Vol. XIX, p. 274, 276.
- Universal postal convention (Aug. 28, 1924).

  Agreement re insured letters and boxes. Parcel post agreement. Agreement re money orders. Ratified by France for Syria and the Lebanon Dec. 6, 1925. League of Nations, Treaty Series, Vol. XL, p. 21, 251, 341 and 443.
- International sanitary convention. Signed June 21, 1926. Ratified by France on behalf of territories under French mandate Mar. 10, 1928. League of Nations, Treaty Series, Vol. LXXVIII, p. 231.
- Convention and statute: freedom of transit (Apr. 20, 1921). Accession of France for Syria and the Lebanon Feb. 7, 1929. League of Nations, Registration of Treaties, Feb. 1929, p. 7.

International radiotelegraph convention (Nov. 25, 1927). Instrument of ratification deposited Mar. 12, 1929. League of Nations, Registration of Treaties, Apr. 1929, p. 8.

Convention: supervision of the international trade in arms and ammunition and implements of war (June 17, 1925). Chapter III applicable to Syria and the Lebanon. [Syria and the Lebanon not party to the convention but subject to the provisions of Chapter III owing to French mandatory control.] League of Nations, Proceedings of the Conference for the Supervision of the International Trade in Arms and Ammunition, A.13.1925.IX, p. 29.

#### **TRANSJORDAN**

#### Treaties, Conventions, Agreements

- See also "Palestine," all treaties concerning which apply equally to Transjordan unless specifically excepted.
- Transjordan-Great Britain. Agreement governing Anglo-Transjordan relations. Signed Feb. 20, 1928. Ratified by Transjordan June 1929. European Economic and Political Survey, Mar. 31, 1928; L'Europe Nouvelle, May 19, 1928, p. 704; Near East and India, Apr. 5, 1928, p. 427; Great Britain, Colonial Office, Trans-Jordan: Agreement between the United Kingdom and Trans-Jordan, Cmd. 3069.
- (Transjordan) Great Britain-League of Nations. British mandate for Palestine (including Transjordan). Approved by League Council July 24, 1922. Entered into effect Sept. 29, 1923. Text in League of Nations, Council Minutes, Aug. 1922, p. 1007.
- (Transjordan) Great Britain-France. Agreement. Mutual relations. Signed Feb. 20, 1928. Europäische Gespräche, July 1928, p. 357.

- Transjordan-Nejd. Hadda agreement. Boundary régime. Signed Nov. 2, 1925. League of Nations, Treaty Series, Vol. LX, p. 435 (English version).
- Transjordan-Palestine. Convention. Judicial commissions in criminal and civil cases. Signed May 20, 1927. Palestine, Official Gazette, Nov. 1, 1928, p. 676.
- Transjordan-Palestine. Convention. Transit of goods through Palestine destined for Transjordan. Signed Sept. 26, 1928. Palestine, Official Gazette, Oct. 1, 1928, p. 591.
- General International Conventions, Agreements, etc.
  Convention: supervision of the international trade in arms and ammunition and implements of war (June 17, 1925). Chapter III applicable to Transjordan. [Transjordan not party to the convention but subject to the provisions of Chapter III owing to British mandatory control.] League of Nations, Proceedings of the Conference for the Supervision of the International Trade in Arms and Ammunition, A.13.1925.IX, p. 29.

#### TURKEY

#### Treaties, Conventions, Agreements

- Turkey-Afghanistan. Treaty of friendship and cordial collaboration. Turkish advisers for Afghanistan. Signed Mar. 1, 1921. Ratified by Afghanistan Oct. 20, 1922. Current History, Feb. 1923 (Vol. XVII, No. 5).
- Turkey-Afghanistan. Treaty of friendship and perpetual peace, non-aggression, mutual assistance. Turkish experts (judicial, scientific and military) for Afghanistan. Signed May 25, 1928. Approved by Turkey Nov. 11, 1928. European Economic and Political Survey, May 15-31, 1928, p. 590; Near East and India, June 7, 1928, p. 713.
- Turkey-Allies (Great Britain, France, Italy). Armistice convention. Signed Oct. 30, 1918. Temperley, H. W. V., History of the Peace Conference of Paris, Vol. I, p. 495 and Vol. IV, p. 513.
- Turkey-Allied and Associated Powers (Armenia, Belgium, British Empire, Czechoslovakia, France, Greece, Hedjaz, Italy, Japan, Jugoslavia, Poland, Portugal, Rumania). Treaty of Sèvres. Signed Aug. 10, 1920 by representatives of the Ottoman government, re-

- jected by Turkish nationalists. Carnegie Endowment for International Peace, The Treaties of Peace, Vol. II, p. 789.
- Turkey-Allied and Associated Powers (British Empire, France, Greece, Italy, Japan, Jugoslavia, Rumania). Treaty of peace (Lausanne). Signed July 24, 1923. Ratifications deposited; Greece, Feb. 11, 1924; Turkey, Mar. 31, 1924; British Empire, Italy, Japan and Rumania,\* Aug. 6, 1924; France, Aug. 30, 1924. League of Nations, Treaty Series, Vol. XXVIII, p. 12. Protocol. Signature by Jugoslavia of instruments signed at Lausanne, July 24, 1923. Ibid., p. 284. Protocol and declarations. Accession of Belgium and Portugal to certain provisions of instruments signed at Lausanne, July 24, 1923. Ibid., p. 198. Final accession of Belgium, Jan. 7, 1925. Ibid., Vol. XXXI, p. 260.
- Turkey-Allied and Associated Powers (British Empire, France, Greece, Italy, Japan, Jugoslavia, Rumania)-Russia-Bulgaria. Convention. Regime of the Straits. Signed July 24, 1923. Ratifications deposited: Greece, Feb. 11, 1924;

<sup>\*</sup>Deposited in Paris according to statement in Monitorul Oficial, Aug. 31, 1924.

Turkey, Mar. 31, 1924; Bulgaria, May 24, 1924; British Empire, Italy, Japan and Rumania, Aug. 6, 1924; France, Aug. 30, 1924. League of Nations, *Treaty Series*, Vol. XXVIII, p. 116.

Turkey-Allied and Associated Powers (British Empire, France, Greece, Italy, Japan, Jugoslavia, Rumania). Convention. Conditions of residence and business and jurisdiction. Signed July 24, 1923. Ratifications deposited: Greece, Feb. 11, 1924; Turkey, March 31, 1924; British Empire, Italy, Japan and Rumania, Aug. 6, 1924; France, Aug. 30, 1924. League of Nations, Treaty Series, Vol. XXVIII, p. 152.

Turkey-Allies (France, Great Britain, Italy). Letters from Turkish delegation. Establishment convention. (Régime of religious and scholastic institutions, etc.) July 24, 1923. League of Nations, Treaty Series, Vol. XXXVI, p. 180.

Turkey-Allies (France, Great Britain, Italy). Letters from Turkish delegation. Derogation to Article 69 (taxation) of the treaty of peace. July 24, 1923. League of Nations, Treaty Series, Vol. XXXVI, p. 176.

Turkey-Allies (British Empire, France, Greece, Italy, Japan, Jugoslavia, Rumania).
Commercial convention.
Signed July 24, 1923.
Ratifications deposited: Greece, Feb. 11, 1924;
Turkey, March 31, 1924;
British Empire, Italy, Japan and Rumania, Aug. 6, 1924;
France, Aug. 30, 1924.
League of Nations, Treaty Series, Vol. XXVIII, p. 172.

Turkey-Allies (France, Great Britain, Italy). Letters from Turkish delegation. Application of Article 9 of commercial convention, July 24, 1923. League of Nations, Treaty Series, Vol. XXXVI, p. 188.

Turkey-Allied and Associated Powers (British Empire, France, Greece, Italy, Japan, Jugoslavia, Rumania). Protocol and declaration. Concessions granted in the Ottoman Empire. Signed July 24, 1923. Ratifications deposited: Greece, Feb. 11, 1924; Turkey, March 31, 1924; British Empire, Italy, Japan and Rumania, Aug. 6, 1924; France, Aug. 30, 1924. League of Nations, Treaty Series, Vol. XXVIII, p. 204.

Turkey-Allies (France, Great Britain). Letters from Turkish delegation. Protocol relating to concessions in the Ottoman Empire. League of Nations, Treaty Series, Vol. XXXVI, p. 202.

Turkey-Allies (France Great Britain, Italy). Protocol and declaration. Evacuation of occupied Turkish territory. July 24, 1923. League of Nations, Treaty Series, Vol. XXXVI, p. 168.

Turkey-Allied and Associated Powers (British Empire, France, Greece, Italy, Japan, Jugoslavia, Rumania)-Bulgaria. Convention. Thracian frontier. Signed July 24, 1923. Ratifications deposited: Greece, Feb. 11, 1924; Turkey,

Mar. 31, 1924; Bulgaria, May 24, 1924; British Empire, Italy, Japan and Rumania, Aug. 6, 1924; France, Aug. 30, 1924. League of Nations, *Treaty Series*, Vol. XXVIII, p. 141.

Turkey-Allied and Associated Powers (British Empire, France, Greece, Italy and Japan). Protocol. Karagatch territory and the islands of Imbros and Tenedos. Signed July 24, 1923. Ratifications deposited: Greece, Feb. 11, 1924; Turkey, Mar. 31, 1924; British Empire, Italy and Japan, Aug. 6, 1924; France, Aug. 30, 1924. League of Nations, Treaty Series, Vol. XXVIII, p. 216.

Turkey-Allied and Associated Powers (British Empire, France, Greece, Italy, Japan, Jugoslavia and Rumania). Declaration and protocol. Amnesty. July 24, 1923. League of Nations, Treaty Series, Vol. XXXVI, p. 146.

(Turkey) Allied and Associated Powers (British Empire-France-Italy-Japan-Rumania). Convention and protocol. Assessment and reparation of losses suffered in Turkey by nationals of the contracting powers. Signed Nov. 23, 1923. Ratifications deposited by British Empire, Italy, Japan and Rumania Aug. 6, 1924, and by France Aug. 30, 1924. League of Nations, Treaty Series, Vol. XXVIII, p. 275.

Turkey. Declaration. Sanitary matters. July 24, 1923. League of Nations, Treaty Series, Vol. XXXVI, p. 158.

Turkey. Declaration. Administration of justice. July 24, 1923. League of Nations, Treaty Series, Vol. XXXVI, p. 162.

Turkey-Argentina. Treaty of friendship and lasting peace. Signed June 29, 1926. Bulletin de l'Institut Intermédiaire International. Jan. 1927, p. 178 and July 1927, p. 185.

Turkey-Armenia. See also "Turkey-Allied and Associated Powers."

Turkey-Armenia. Azerbaijan and Georgia. Treaty of Kars. Frontier settlement. Régime of Transcaucasus. Signed Oct. 13, 1921. Current History, Vol. XVII, p. 769.

Turkey-Austria. Treaty of friendship. Signed Jan. 28, 1924. Ratifications exchanged Oct. 23, 1924. League of Nations, Treaty Series, Vol. XXXII, p. 298.

Turkey-Austria. Convention and proces-verbal. Conditions of residence. Signed Jan. 28, 1924. Ratifications exchanged Oct. 23, 1924. League of Nations, Treaty Series, Vol. XXXII, p. 304.

Turkey-Austria. Convention, annexes and procèsverbaux. Commercial relations. Signed Jan. 28, 1924. Ratifications exchanged Oct. 23, 1924. League of Nations, Treaty Series, Vol. XXXII, p. 314.

Turkey-Belgium. See "Turkey-Allied and Associated Powers."

Turkey-Belgo-Luxemburg Economic Union. Provivisional commercial agreement. Feb. 15, 1926.
Bulletin de l'Institut Intermédiaire International, Vol. XIV, p. 393; Vol. XV, p. 208.

- Extensions. *Ibid.*, Vol. XV, p. 445; Vol. XVII, p. 189 and 473; Vol. XVIII, p. 184, 363.
- Turkey-Belgo-Luxemburg Economic Union. Treaty of commerce and navigation. Signed Aug. 28, 1927. Came into effect Nov. 12, 1928. Moniteur Belge, Sept. 12, 13, 1927, p. 4199; Oct. 25, 1928, p. 4458 and Nov. 5-6, 1928, p. 4591; U. S., Commerce Reports, Nov. 5, 1928, p. 385.
- Turkey-Brazil. Treaty of friendship. Signed Sept. 8, 1927. Ratifications exchanged Sept. 15, 1928. Nieuwe Rotterdamsche Courant, Sept. 9, 1927; Brazil, Diario Oficial, Sept. 27, 1928, p. 21559.
- Turkey-British Empire. See "Turkey-Allied and Associated Powers."
- Turkey-Bulgaria. See also "Turkey-Allied and Associated Powers-Bulgaria."
- Turkey-Bulgaria. Treaty of friendship with accompanying note re Turkish nationals in Bulgaria. Signed Oct. 18, 1925. Ratifications exchanged Aug. 2, 1926. League of Nations, Treaty Series, Vol. LIV, p. 125.
- Turkey-Bulgaria. Convention. Conditions of residence. Signed Oct. 18, 1925. Ratifications exchanged Aug. 2, 1926. League of Nations, Treaty Series, Vol. LIV, p. 135.
- Turkey-Bulgaria. Exchange of notes. Provisional commercial agreement. Aug. 28, 1926. U. S., Commerce Reports, 1926, No. 29, p. 180. Extension. Aug. 2, 1927. Bulletin de l'Institut Intermédiaire International, Apr. 1928, p. 347.
- Turkey-Bulgaria. Treaty of commerce and navigation. Signed Feb. 12, 1928. Ratifications exchanged Aug. 31, 1928. League of Nations, Treaty Series, Vol. LXXXI, p. 385.
- Turkey-Chile. Treaty of perpetual friendship. Signed Jan. 30, 1926. Ratifications exchanged Jan. 6. 1927. League of Nations, Treaty Series, Vol. LIX, p. 249.
- Turkey-Czechoslovakia. See also "Turkey-Allied and Associated Powers."
- Turkey-Czechoslovakia. Treaty and notes. Friendship. Signed Oct. 11, 1924. Ratifications exchanged July 6, 1925. League of Nations, Treaty Series, Vol. XXXVIII, p. 318.
- Turkey-Czechoslovakia. Exchange of notes. Provisional commercial agreement. Mar. 24, 1927. In effect (Czechoslovak official notice) Apr. 12, 1927. Bulletin de l'Institut Intermédiaire International, Vol. XVII, p. 209. Extension. Ibid., Vol. XVIII, p. 363.
- Turkey-Czechoslovakia. Convention. Commercial relations. Signed May 31, 1927. Ratifications exchanged Mar. 5, 1928. League of Nations, Treaty Series, Vol. LXXI, p. 336.
- Turkey-Czechoslovakia. Convention. Conditions of residence and business. Signed May 31, 1927. Ratifications exchanged Apr. 6, 1928. League of Nations, Treaty Series, Vol. LXXV, p. 81.

- Turkey-Denmark. Treaty of friendship. Signed Jan. 26, 1925. Ratifications exchanged July 7, 1925. League of Nations, Treaty Series, Vol. XXXVI, p. 318.
- Turkey-Denmark. Exchange of notes. Provisional commercial convention. Mar. 22, 1926. League of Nations, Treaty Series, Vol. XLVIII, p. 233. Subsequent extensions: Sept. 19, 1926, Ibid., Vol. LVI, p. 259; Mar. 15, 1927, Vol. LXI, p. 287; Mar. 29, 1928, Vol. LXIX, p. 114; Oct. 1, 1928, Vol. LXXVIII, p. 500; Mar. 31, 1929, Registration of Treaties, Apr. 1929, p. 7.
- Turkey-Egypt. Exchange of notes. Commercial agreement. Apr. 17, 1926. Egypt, Journal Officiel, 1926, No. 74 (Supplement), p. 2. Extension Oct. 7, 1926. Ibid., No. 115, p. 349.
- Turkey-Estonia. Treaty of friendship. Signed Dec. 1, 1924. Ratifications exchanged Dec. 10, 1927. League of Nations, Treaty Series, Vol. LXX, p. 78.
- Turkey-Estonia. Convention. Commerce and navigation. Signed Mar. 12, 1928. Ratifications exchanged Jan. 24, 1929. League of Nations, Registration of Treaties, Feb. 1929, p. 5; Handelsberichten, Apr. 26, 1928, p. 585.
- Turkey-Finland. Treaty of friendship. Signed Dec. 9, 1924. Ratifications exchanged Nov. 24, 1926. League of Nations, Treaty Series, Vol. LIX, p. 287.
- Turkey-Finland. Exchange of notes. Provisional commercial agreement. Oct. 19, 1926. League of Nations, Treaty Series, Vol. LVIII, p. 393. Extension. Ibid., Vol. LXIX, p. 103.
- Turkey-Finland. Convention. Commerce and navigation. Signed Dec. 16, 1926. Ratifications exchanged Jan. 24, 1928. League of Nations, Treaty Series, Vol. LXX, p. 330.
- Turkey-France. See also "Turkey-Allied and Associated Powers" and "Turkey-Allies."
- Turkey-France (Syria). Agreement. Cessation of hostilities along the Turco-Syrian frontier. Signed Mar. 9, 1921. L'Europe Nouvelle, Mar. 26, 1921.
- Turkey-France. Agreement. (Known alternatively as the Angora Agreement or the Franklin-Bouillon Agreement.) Signed Oct. 20, 1921. Approved by French government Oct. 28, 1921, such approbation entailing de plano that of the Turkish government. League of Nations, Treaty Series, Vol. LIV, p. 179. [Relates to Syria as well as to Franco-Turkish relations.]
- Turkey-France (Syria and the Lebanon). Customs agreement. Signed July 26, 1925. Ratified by Turkey, June 9, 1926. La Législation Turque, Vol. IV:20, p. 631.
- Turkey-France (Syria and the Lebanon). Convention of friendship and good neighborly relations. Signed May 30, 1926. Ratifications exchanged Aug. 12, 1926. League of Nations, Treaty Series, Vol. LIV, p. 195.

- Turkey-France (Syria). Commercial and customs agreement. Signed Dec. 23, 1926. Board of Trade Journal, July 7, 1927.
- Turkey-France. Agreement. Settlement of frontier dispute. June 22, 1929. L'Europe Nouvelle, Aug. 24, 1929, p. 1145, 1147.
- Turkey-Georgia. Convention. Crossing of the frontier by inhabitants of the region. Signed Mar. 15, 1922. Ratifications exchanged Mar. 11, 1927. Isvestia, Mar. 16, 1927.
- Turkey-Germany. Treaty of friendship. Signed Mar. 3, 1924. Ratifications exchanged, May 1, 1924. League of Nations, Treaty Series, Vol. XLI, p. 239.
- Turkey-Germany. Exchange of notes. Provisional commercial agreement. Dec. 13, 1925. League of Nations, Treaty Series, Vol. LIII, p. 355.
- Turkey-Germany. Commercial treaty. Signed Jan. 12, 1927. Ratifications exchanged June 22, 1927. League of Nations, Treaty Series, Vol. LXXIII, p. 183.
- Turkey-Germany. Convention. Conditions of residence and business. Signed Jan. 12, 1927.
   Ratifications exchanged June 22, 1927.
   League of Nations, Treaty Series, Vol. LXXIII, p. 187.
- Turkey-Great Britain. See "Turkey-Allied and Associated Powers" and "Turkey-Allies."
- Turkey-Great Britain-Iraq. Treaty. Settlement of frontier between Turkey and Iraq. Signed June 5, 1926. Ratifications exchanged June 18, 1926. League of Nations, Treaty Series, Vol. LXIV, p. 380. Exchange of notes rectifying Annex to Article I of the above. Apr. 28, 1927. Ibid., p. 393.
- Turkey-Greece. See also "Turkey-Allied and Associated Powers."
- Turkey-Greece. Convention and protocol. Exchange of Greek and Turkish populations. Signed Jan. 30, 1923. Ratifications: Turkey, Aug. 23, 1923; Greece, Aug. 25, 1923. League of Nations, Treaty Series, Vol. XXXII, p. 76.
- Turkey-Greece. Agreement. Exchange of prisoners of war and interned civilians. Signed Jan. 30, 1923. League of Nations, Treaty Series, Vol. XXXVI, p. 138.
- (Turkey) Greece. Declaration. Moslem properties in Greece. July 24, 1923. League of Nations, Treaty Series, Vol. XXXVI, p. 154.
- Turkey-Greece. Agreement. Liquidation of property under the Treaty of Lausanne. Signed Dec. 1, 1926. Ratifications exchanged. June 23, 1927. League of Nations, Treaty Series, Vol. LXVIII, p. 13.
- Turkey-Greece. Protocol. Delimitation of the boundary in Thrace. Signed Nov. 6, 1926. Nieuwe Rotterdamsche Courant, Nov. 16, 1926.

- Turkey-Hedjaz. See "Turkey-Allied and Associated Powers."
- Turkey-Hungary. Treaty of friendship. Signed Dec. 18, 1923. Ratifications exchanged Mar. 20, 1924. League of Nations, Treaty Series, Vol. XLIII, p. 271.
- Turkey-Hungary. Commercial convention. Signed Dec. 20, 1926. Ratifications exchanged Aug. 26, 1927. League of Nations, Treaty Series, Vol. LXXII, p. 256.
- Turkey-Hungary. Convention. Conditions of residence. Signed Dec. 20, 1926. Ratifications exchanged Aug. 26, 1927. League of Nations, Treaty Series, Vol. LXXII, p. 246.
- Turkey-Hungary. Treaty of arbitration, conciliation and neutrality. Signed Jan. 5, 1929. Journal de Genève, Jan. 7, 1929.
- Turkey-Italy. See also "Turkey-Allied and Associated Powers" and "Turkey-Allies."
- Turkey-Italy. Agreement. Italian interests in Asia Minor. Signed Mar. 13, 1921. L'Europe Nouvelle, May 28, 1921, p. 698 and Aug. 17, 1929, p. xxi.
- Turkey-Italy. Exchange of notes. Protocol relating to concessions in the Ottoman Empire. July 24, 1923. League of Nations, Treaty Series, Vol. XXXVI, p. 196.
- Turkey-Italy. Treaty. Neutrality, conciliation and judicial settlement. Signed May 30, 1928. Approved by Italian Parliament Dec. 6, 1928. Ratified by Turkey Nov. 30, 1928. European Economic and Political Survey, May 15-31, 1928, p. 592; Near East and India, June 7, 1928, p. 713.
- Turkey-Italy. Treaty of extradition. Ratified by Turkey Nov. 30, 1928. Journal de Genève, Dec. 2, 1928.
- Turkey-Italy. Convention. Commercial travellers. Ratified by Turkey, May 23; by Italy, Aug. 3, 1928. Journal de Genève, May 25, 1928; Italy, Gazzetta Ufficiale, Dec. 22, 1928, p. 6197.
- Turkey-Japan. See "Turkey-Allied and Associated Powers" and "Turkey-Allies."
- Turkey-Jugoslavia. Treaty of friendship. Signed Oct. 20, 1925. Europäische Gespräche, Apr. 1926, Vol. IV, p. 206.
- Turkey-Jugoslavia. See also "Turkey-Allied and Associated Powers."
- Turkey-Latvia. Treaty of friendship. Signed Jan. 3, 1925. Ratifications exchanged Oct. 27, 1926. League of Nations, Treaty Series, Vol. LIX, p. 81.
- Turkey-Latvia. Treaty of commerce and navigation. Signed May 28, 1928. Handelsberichten, July 12, 1928, p. 983.
- Turkey-Luxemburg. See also "Turkey-Belgo-Luxemburg Economic Union."
- Turkey-Luxemburg. Treaty of Commerce. Ratified by Turkey, May 23, 1928. Journal de Genève, May 25, 1928.

- Turkey-Mexico. Treaty of peace and amity. Signed June 23, 1927. Ratified by Mexico, Sept. 29, 1927; by Turkey, Jan. 5, 1928. Commercial and Financial Chronicle, June 25, 1927, p. 3677.
- Turkey-Netherlands. Treaty of friendship. Signed Aug. 16, 1924. Ratifications exchanged June 18, 1925. League of Nations, Treaty Series, Vol. XXXIX, p. 148.
- Turkey-Netherlands. Exchange of notes. Provivisional commercial convention. Feb. 11, 1926. League of Nations, Treaty Series, Vol. XLVIII, p. 271. Extensions: Aug. 1926, Vol. XLIII, p. 274; Apr. 1927, Vol. LIV, p. 417; Nov. 1927, Vol. LXIII, p. 420; Feb. 1928, Vol. LXIX, p. 95; July 29, 1928, Vol. LXXVIII, p. 481; Registration of Treaties, Apr. 1929, p. 7.
- Turkey-Netherlands. Treaty of commerce. Signed July 25, 1928. Handelsberichten, Aug. 16, 1928, p. 1158.
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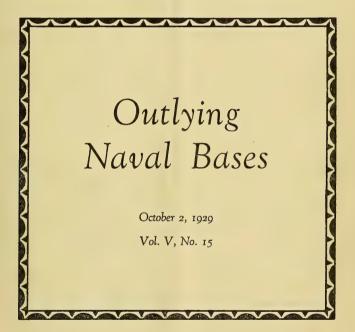
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#### OUTLYING NAVAL BASES

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WILLIAM T. STONE

with the aid of the Research Staff of the Foreign Policy Association

#### INTRODUCTION

THE number and position of have played a part in all the recent inter-HE number and position of naval bases national conferences dealing with the reduction or limitation of naval armaments. At the Washington Conference of 1921-1922, for example, special reference to naval bases was made in that section of the treaty which provided for maintenance of the status quo in a restricted area in the Pacific. Again. at the abortive Geneva Conference on naval disarmament in 1927, the question of naval bases forced itself on the attention of the negotiators. American representatives offered the relatively small number of outlying American bases as one compelling reason for their government's insistence on having certain 10,000-ton cruisers with wide cruising radius in preference to smaller cruisers with a limited cruising radius.

Following the advent to power of the British Labour party in the elections of May 30, 1929, a suggestion was made by unofficial British writers that Great Britain "neutralize" or "demilitarize" its naval bases in the Caribbean area in order to demonstrate that British naval policy is not even remotely directed against the United States.¹ Writing in the Fortnightly Review, "Augur," a well-known British publicist, suggested that the principle of perpetual peace recognized along the Canadian border of the United States might be applied to the whole Caribbean with the most far-reaching results. This writer saw in the "potentialities" of

the British possessions in the Caribbean a source of irritation to the United States, inasmuch as they might be used for bases for a possible attack on the Panama Canal. The irritation could be removed, he believed, by an offer from Great Britain to neutralize the possessions in question. "This would prove in an irresistible manner," he declared, "the resolve of the British government and the British people never to enter into a fratricidal strife with the people on the other side of the Atlantic." While this proposal was unofficial, it provoked interested comment in both England and the United States.

Another recent development relating to naval bases was recorded in the British House of Commons on July 8, 1929, when the Labour government was asked to announce its policy concerning the building of a naval base at Singapore. Around this important naval station, which is located at the tip of the Malay Peninsula, commanding the principal trade routes to the Far East and Australia, there has raged for years a bitter controversy within the British Commonwealth. A vast project for enlarging the Singapore base was being considered by the British government at the time of the Washington Conference. Work on it was begun by the Conservative government shortly afterwards; but it was suspended by the first Labour government in 1924, while it was taken up again by the Conservatives when they returned to power in 1925. Today a third reversal of policy seems imminent.

<sup>1. &</sup>quot;Augur," "Anglo-American Relations," Fortnightly Review, July 1, 1929.

The present review traces briefly the relation of naval bases to naval power, and summarizes the extent and equipment of American, British and Japanese naval stations in different parts of the world. Short sections are devoted to the question of the Singapore base, and to the agreements reached at the Washington Conference.

#### STRATEGIC IMPORTANCE OF NAVAL BASES

The importance of outlying naval stations has been recognized ever since the Great Powers gained their first foothold in distant territories. With the growth of colonial empires and overseas possessions, and the rapid extension of economic interdependence among nations, naval bases became, in the eyes of admiralty officers the world over, an essential part of national defensive equipment.1a Thus, naval strategists hold that the chief function of naval bases today is to provide mobility for a battle fleet in any part of the world where it may be called upon to operate in time of war. The strongest battle fleet is hampered in its operations in an area far removed from its base of fuel and supplies: it may suffer severely in being employed against even a greatly inferior fleet if the latter has the advantage of near-by fuel stations, repair yards, and dry docks. The cruising radius of the largest American oil-burning battleships is limited to approximately 4.500 miles at full speed; at half speed ships of the Wyoming and Oklahoma class can steam in the neighborhood of 10,000 miles without refueling. The cruising radius of smaller auxiliaries, with a lower fuel capacity, is further limited. Submarines of the American "S" class have a cruising radius of from 5,000 to 8,000 miles, depending on their speed. Accordingly, an American fleet operating in the Far East, where bases are few and fuel is limited, would be unequal to a Japanese fleet, inferior in numbers but operating in its home waters within easy reach of dockyards and fuel supplies. A Japanese fleet which attempted to operate anywhere between Hawaii and the Pacific coast of the United States, on the other hand, would be completely at the mercy of an American fleet backed by the docks and yards of the United States.

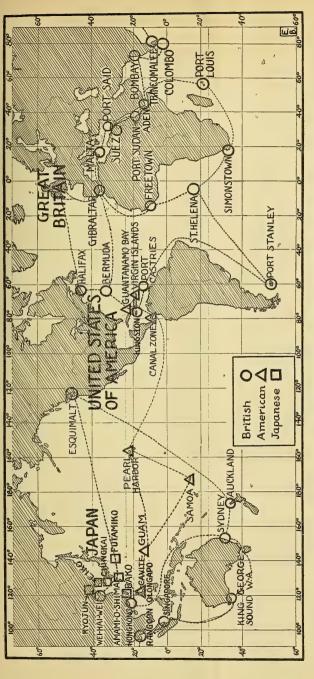
Modern naval bases are designed essentially to provide increased mobility for the fleets. Adequate fuel supply is an essential in all important naval bases. Practically all of the larger ships of the great naval powers are now oil-burning. The large bases are equipped with repair yards and supplies of all kinds. They maintain a force of engineers, draftsmen, mechanics, boiler fitters, and workmen able to perform every type of repair work. They are equipped also with dry docks capable of receiving the largest class of ships for overhauling and scraping. With the "bulging" or "blistering" of the large battleships to protect them from submarines or torpedo attack, the under-water size of capital ships has been greatly increased so that the older dry docks are no longer able to accommodate them. In a few of the largest naval bases new dry docks are being constructed to accommodate these large vessels. In addition, according to the view of the naval strategists, the more important bases should be defended by land armaments and military detachments.

#### THE WASHINGTON NAVAL CONFERENCE

At the Washington Conference the issue of naval bases in the Pacific was introduced by the Japanese delegation and resulted in prolonged discussion before the agreement to preserve the *status quo* was finally reached. The sweeping proposals made by Secretary Hughes on the opening day of the conference (November 12, 1921) called not only for the suspension of all capital ship

construction, but also for the scrapping of all battleships then being built by the United States, Great Britain and Japan. 'Japan, while agreeing in principle to drastic reductions in its building program, raised strongest objections at the outset to the proposed 5 to 3 ratio, demanding as a minimum 70 per cent (instead of 60 per cent) of the tonnage allotted to Great Britain and the United States. The Japanese delegation at first argued that the requirements of "na-

<sup>1</sup>a. Some writers attribute the German naval failure during the World War to Germany's lack of naval bases. "Les Bases Navales," Part II, Le Temps, September 8, 1929.



# NAVAL BASES OF THE BRITISH EMPIRE, THE UNITED STATES AND JAPAN

(d, defended; dr, naval dry dock; f, naval fuel oil)

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BRITISH

Guantanamo Bay, f. Pearl Harbor, d, dr, f. Cavite-Olongapo, d, Canal Zone, d, f. Samoa Virgin Islands Guam, d, f.

ŧ,

### Hongkong, d, dr, f. King George Sound W. A. Kingston, d, f. Malta, d, dr, f. Port Said, f. Port Stanley, f. Port Louis, d. Port Castries Aden, f. Auckland, d, dr, f. Bernuda, d, dr, f. Bombay, d, dr. Colombo, d, f. Esquimalt, d, dr. Preetovyn, d, f. Gibraltan, d, dr. Halffax, d, dr, f.

Port Sudan, f.
St. Helena
Simonstown, d. dr, f.
Singapore, d, f.
Suez, f.
Sydney, d, dr, f.
Trincomalee, f.
Wei-hai-wei

## JAPANESE

Amami-O-Shima, d. Bako, d, dr, f. Chingkai, d, dr, f. Eiko Futami Ko, d. Ryojun, d.

tional security" of Japan demanded the higher ratio, and when this thesis was rejected, challenged the accuracy of the American figures. A factor in Japan's opposition to the 5 to 3 ratio was the hostile attitude of the Japanese press and public opinion at home, which severely criticized the ratio suggested by the United States.

#### RIVALRY IN PACIFIC RENOUNCED

In the end Japan accepted the 5 to 3 ratio, but not before it had secured two important concessions from Great Britain and the United States. The first concession was the retention of the post-Jutland battleship, Mutsu, whose abandonment the United States and Great Britain had originally ex-The second concession was the agreement to maintain the status quo in regard to naval bases in the Pacific. Japan argued that naval bases were as important as ships in evaluating naval power, and maintained that if the interests of peace demanded a drastic reduction in ship tonnage, it followed logically that naval bases should also be restricted. The Japanese delegation proposed, therefore, that the status quo be maintained in regard to fortifications and naval bases in the Pacific.

At that time the United States had no strong naval bases in the Pacific, but the fact that the Philippines, the Hawaiian Islands, Guam, Tutuila and the Aleutian Islands in American possession were capable of becoming strong naval bases and fueling stations. made them, in the eyes of Japan, a potential threat. With well-fortified bases at these strategic points in the Pacific, the United States would be able to operate the stronger American navy with great effectiveness in any possible war with Japan. The Japanese knew that at the moment the United States had no adequate facilities in Guam and in the Philippines, and that consequently an attack by the American fleet was not an imminent danger. But they also knew that proposals for the strengthening and fortification of American bases at Guam and Manila had already been made to Congress.

In his annual report for 1920, the Secretary of the Navy of the United States wrote that "the project for the development of

Guam as a naval base in accordance with the announced policy of the Navy Department is progressing." In the same year two 55,000-barrel tanks for storing fuel oil were sent out to the naval station at Cavite in the Philippine Islands. New equipment was being installed at Pearl Harbor, Hawaii, and work had been begun to make this station the strongest American outlying base.

The Japanese demand placed the American delegates in a difficult position. It confronted them with the necessity of asking their government to curtail its naval program in the Pacific; if they did not do so, the success of the whole disarmament plan was put in jeopardy. Admiral Baron Kato, the principal Japanese delegate, stated quite frankly that if the Pacific fleet bases were to be excluded from the agreement, his government would be unable to accept the proposed reduction of its naval forces.

Secretary Hughes chose the first alternative. A tentative agreement was reached on December 15, 1921, when it was announced that the status quo would be maintained "with respect to fortifications and naval bases in the Pacific regions," but this restriction was not to apply to the Hawaiian Islands, Australia, the islands composing Japan proper, and to the coasts of the United States and Canada. When it came to drafting the precise terms of this agreement. however, serious difficulty arose. The term "Pacific regions" was objected to by Great Britain on the ground that it was too vague. As an alternative the British delegation proposed that the area in which the status quo was to be maintained be defined by a parallelogram, bounded by the Equator on the south, the 30th degree of north latitude on the north, the 110th degree of east longitude on the west, and the 180th degree of longitude on the east. This proposal excluded all of the British islands south of the Equator, as well as Singapore, but included the Bonin Islands belonging to Japan. (The position of the Bonin Islands is indicated on the map by the name Futami Ko.) The Japanese delegation refused to accept this proposal on the ground that the Bonin Islands formed a part of the Japanese mainland. Although the Japanese govern-

<sup>2.</sup> U. S. A., Report of the Secretary of the Navy, 1920, p. 13. 3. Ibid., p. 702.

ment apparently had no intention of enlarging its defenses there, it resented the suggestion that outside powers should attempt to define the extent of Japan proper.

The United States, on the other hand, objected to the Japanese contention for the reason that the Bonin Islands—which are more than 500 miles from Tokio—would, if fortified, be in a position to dominate Guam, while cutting the communications of the United States with the Philippines. Press dispatches at the time reported that just before the Washington Conference met, fortifications had been hurriedly completed on the Bonin Islands.

## STATUS QUO AGREEMENT

The British parallelogram was finally abandoned, and another agreement was incorporated in Article XIX of the Washington Naval Treaty. The United States undertook to maintain the status quo in possessions which it then held or might in the future acquire in the Pacific, except those adjacent to the coast of the United States. Alaska, the Panama Canal Zone, and Ha-The Aleutian Islands were not included among the excepted areas. The British Empire agreed to maintain the status quo at Hongkong and the other insular possessions which it held or might acquire in the Pacific east of the 110th degree of east longitude, except those adjacent to the coast of Canada, New Zealand, and Australia and its territories. As Singapore is west of the 110th degree of east longitude, it was automatically excluded from the limitations of the agreement. Finally, Japan agreed to maintain the status quo in the Bonin Islands, the Kurile Islands, the Loochoo Islands, Amami-Oshima, Formosa and the Pescadores, as well as any other insular possessions it might acquire in the Pacific in the future. The concluding paragraph of Article XIX of the treaty is as follows:

"The maintenance of the status quo under the foregoing provisions implies that no new fortifications or naval bases shall be established in the territories and possessions specified; that no measures shall be taken to increase the existing naval facilities for the repair and maintenance

of naval forces, and that no increase shall be made in the coast defenses of the territories and possessions above specified. This restriction, however, does not preclude such repair and replacement of worn-out weapons and equipment as is customary in naval and military establishments in time of peace."

## EFFECT OF ARTICLE XIX

The effect of this agreement was to bring an end to impending naval competition in the Pacific. The United States renounced its right to build up the defenses of the Philippines for the duration of the treaty, and in effect relinquished the possibility of operating a large fleet in Far Eastern waters. The two bases at that time in commission in the Philippines-Cavite and Olongapo—were not equipped to serve as a fleet base. They possessed but one floating dry dock, the Dewey, which had a limited capacity and could not handle battleships. Repair facilities were limited to smaller ships. Guam and Samoa were strategically important, but were not equipped as bases. The latter was little more than an anchorage.

Japan's six naval stations were all in close proximity to Japanese waters, and were of no possible value for offensive purposes. In time of war, however, they would be of the greatest importance for defense. Of the six bases, that at Bako, in Formosa, was the only one which had any facilities for handling ships. This station was equipped with a naval dry dock, repair yards and a fueling depot. The Bonin Islands (the Futami Ko base) had strategic value but had not been equipped with oil or docks. Fuel oil was available at Chingkai and Ryojun, while Eiko, in Korea, and Amami-Oshima were little more than anchorages. By agreeing not to acquire new bases in the Pacific, Japan practically limited the usefulness of her fleet to home waters, and in effect announced that the Japanese navy would be used only within the Asiatic area. The Philippines, however, still remain within the scope of Japanese naval activity. But it is questionable, according to naval experts, whether the existence of even the largest fortified bases in the Philippines would protect the islands from attack, as Japanese ships would always be within easy distance of their home vards.

<sup>4.</sup> Japan Weekly Chronicle, December 29, 1921.

Great Britain's sacrifices in the Pacific were less important. Within the area defined by the treaty it had only two stations, Hongkong and Wei-hai wei.5 The latter is an anchorage without other facilities, while the Hongkong base could hardly be defended in time of war. It is a fuel station and is equipped with a dry dock. The Australian and New Zealand bases are excluded from the agreement and Singapore lies just beyond the limits of the Washington Treaty area.

#### **BRITISH NAVAL POLICY**

British naval policy underwent many changes after the World War. One of the features of this change was the increased emphasis on the value of outlying bases, particularly those which guard the trade route to the Far East. In the years just before the World War the North Sea Division was the strongest unit of the Grand Fleet. With the elimination of Germany as a great naval power, however, the need for concentrating a powerful fleet in the North Sea passed, and on April 7, 1919 the Grand Fleet was officially abolished.

British naval strategy was now directed chiefly toward insuring the safety of the trade routes rather than toward the attainment of local supremacy in any quarter of the globe. The extent of these trade routes is described by one British writer as follows:6

"Each week about six million tons of food and twenty million tons of raw material are brought into the United Kingdom to maintain this gigantic volume of trade. Fourteen hundred British merchant vessels of 3,000 tons and over are every day at sea while at the same time fourteen hundred other British ships are loading or discharging in ports over the world. sea lanes regularly traversed by British shipping have a total length of 80,000 miles. Of the four main arteries along which this gigantic flow of traffic proceeds, the eastern one is by far the most difficult to defend. It leads through the Mediterranean and the Suez Canal, into the Indian Ocean, where the volume of shipping divides -one stream going to the China Sea and the other to Australia and New Zealand."

## DEFENSE OF BRITISH TRADE ROUTES

The defense of the trade route to the Far East has become, therefore, one of the prime

objectives of British naval policy and along this route more than half of the twenty-six British bases and naval stations are situated. As far as the Suez Canal the route is well controlled by Gibraltar and Malta.

While the natural defenses of Gibraltar are no longer impregnable, as they were in the eighteenth and nineteenth centuries, the fortress still holds a commanding position at the gateway to the Mediterranean. The naval base has been thoroughly modernized and is furnished with fuel oil, naval and commercial dry docks and full repair equipment. A British garrison of 2,600 troops is stationed regularly at the fortress.7 A staff of 108 officers, engineers, draftsmen and clerical assistants were on the payroll in 1929.8

Malta, the headquarters of the Mediterranean Fleet, is the largest and most completely equipped British naval base. It has large dry docks for handling battleships, complete repair facilities, and large stores of fuel oil. It is strongly defended, and manned by approximately 4,850 British regulars. The technical staff consists of 290 officers and engineers.

Beyond Malta the main trade route to Australia, New Zealand and the Far East is less adequately protected, despite the fact that there are nine naval stations at regular intervals along the way. These include Suez and Port Said, where fuel oil is available; Port Sudan and Aden, which are unprotected oil depots without other facilities; Bombay and Rangoon in India: Trincomalee and Colombo in Ceylon; and Singapore at the tip of the Malay Peninsula. With the exception of Bombay and Singapore, none of these stations have dry docks or facilities for repair of naval vessels.

Beyond Singapore there are the Dominion bases at Auckland, New Zealand and

<sup>5.</sup> Great Britain holds Wei-hai-wei under lease from the Chinese government. At the Washington Conference it was declared that Great Britain was willing to have Chinese sovereignty restored in Wei-hai-wei subject to the condition that it might still be used as a sanitorium or summer resort for ships of war from the tropics or the southern sections of the China station. (CC. Missites of Washington Conference on the surrender of the Wei-hai-wei lease have taken place from the surrender of the Wei-hai-wei lease have taken place from time to time but without result. (CL. New York Times. time to time, but without result. (Cf. New York Times, September 15, 1929.)
6. H. C. Bywater, Navies and Nations, p. 86.

<sup>7.</sup> Great Britain, Army Estimates, 1929, Cmd. 54, p. 294.

Great Britain, Navy Estimates, 1929, Cmd. 62, p. 436.

Sydney, Australia. Both of these are equipped with naval dry docks and are defended stations. King George Sound in Western Australia and Wei-hai-wei on the Yellow Sea in northern China are anchorages without fuel oil or other naval facilities. Hongkong cannot be developed as a naval base under the Washington Treaty.

## THE SINGAPORE PROJECT

The controversy which has raged about the development of a great naval base at Singapore arises in large part from the strategic position occupied by this base on the Far East route. The Japanese delegation raised the question of the status of Singapore at the Washington Conference. The establishment of a large base at this place had been mentioned publicly for the first time in 1921, just prior to the conference, but work was not actually begun for another two years. In March 1923, the First Lord of the Admiralty said:

"We are beginning...[the creation] at Singapore of a naval base capable of dealing with the requirements of a fleet of modern capital ships.... At present, there is no dock in British territory in the Far East capable of taking a capital ship. The ultimate development... will cost some £11,000,000, but this will be spread over a long period of years."

Two explanations for the project were made: first, the necessity for protecting the trade route; and second, the defense requirements of Australia and New Zealand. During the early part of 1919, Admiral Jellicoe had been sent to the Dominions to consider the whole problem of Imperial defense, and he had reported that the safety of Australia, New Zealand and India depended on strong bases at Singapore and Colombo which could be used as the headquarters of a strong Pacific Fleet. Although his recommendations were never carried out, Admiral Jellicoe's plan provided for the participation of the Dominions, including Canada, in the expense of maintaining the fleet.

When the Singapore project was launched in Parliament in 1923, it met with determined opposition from the Liberal and Labour parties, both of which joined in con-

9. Great Britain, House of Commons, Parliamentary Debates,

demning the scheme on the ground that it constituted a threat to Japan. The Japanese. not only at the Washington Conference but subsequently when work on the project actually began, gave substance to the protests of the opposition in Great Britain. Japan is the only naval power in the western Pacific, its government assumed that the Singapore base had a direct relation to the Japanese fleet. They felt that the project indicated that Japan was now regarded as a possible enemy by Great Britain. Important Japanese newspapers opposed the scheme from the beginning. An editorial in the journal Hochi in February 1924 stated that the Singapore scheme could only be interpreted by the Japanese as an open challenge, and made an appeal for its abandonment in the name of world peace. While the enlargement of Singapore was not prohibited by the Washington Naval Treaty, the Jiji wrote: "There is no denying the fact that the plan runs counter to the spirit of the Washington Conference, nor is there any doubt that it presupposes Japan as a potential enemy, a fact which is certainly disturbing to Anglo-Japanese friendship."10

In London the Conservative government denied a violation of the spirit of the Washington Treaty and repudiated the statement that development of Singapore indicated the slightest distrust of Japan. Conservative spokesmen pointed out that Singapore was almost 3,000 miles from Japan, and could hardly be used as a base for offensive operations against that country.

The original plans for enlarging Singapore have been altered several times. At the outset it was assumed that nothing more was contemplated than the extension of the naval works which had existed at Keppel Harbor since 1882. The commercial dry dock at Keppel Harbor was large enough to accommodate any cruiser and "unbulged" battleship in the British navy. The old base was well equipped as a fuel and supply station. With enlargement of the dry dock or construction of a new dock, in the opinion of some British naval experts, it would have sufficed for the needs of a battle squadron.

When the project was communicated to

<sup>10.</sup> Quoted in Bywater, op. cit., p. 99.

Parliament, however, that body forecast an expenditure of £10.500,000 (approximately \$51,000,000). Of this amount £5,100,000 was for new wharves, basins, railways, roads and a berth for a floating dock. A graving dock was to cost £1,000,000. Offices. dwellings, and other buildings would cost £420,000; contingencies, £1,200,000; and machinery £1,200,000. A floating dry dock, acquired from Germany, was to have been sent out to Singapore, but this was later found unsuitable, and an additional £1,000,-000 was set aside for construction of a new floating dock. Instead of building the base at Keppel Harbor, another site was chosen on the Straits separating the island from the peninsula of Johore.

Opposition to the Singapore scheme came from two sources; both the Liberal and Labour parties attacked the plan because of its effect on general international relations. and particularly on relations with Japan. It was contended that the naval situation in the Pacific had undergone a complete change since 1921, when Japan was building a large fleet avowedly to maintain the balance of power against the United States. Since the Washington Conference the American and Japanese battle fleets had been reduced to eighteen and ten ships respectively, the insular bases they were preparing in the western Pacific were not proceeded with, and the danger of war had receded into the background. The necessity, therefore, of maintaining a great British battle fleet in the Pacific had passed, and with it the need of an elaborate base at Singapore or anywhere else within the Pacific zone.

Furthermore, naval experts and a minority group of naval officers attacked the plan on strategic grounds, maintaining that the base could not be defended against enemy attack, so that in time of war it would become a liability rather than an asset. The plans for the base did not include defenses, and without defenses, according to this view, the base would be useless.<sup>11</sup>

When the British Labour party came into power in 1924, one of its first acts was to suspend the work at Singapore. On March 18, 1924, the Parliamentary Secretary for the Admiralty stated that after full consideration of all the relevant facts and consul-

tation with the Dominions overseas, the government had decided not to proceed further with the Singapore scheme.<sup>12</sup>

In explanation of this action, Mr. Ramsay MacDonald, the Prime Minister, stated that the Labour government was not abandoning the Singapore base because the scheme was contrary to the Washington Naval Treaty: on the contrary that agreement clearly excluded Singapore from the status quo agreement in the Pacific. Rather the base was being abandoned because its completion was incompatible with the foreign policy of the Labour government. He stated that the government had consulted the Dominions, requesting their opinion on the action contemplated. Canada and the Irish Free State had replied that they wished to refrain from giving any advice on the question. Australia, New Zealand, and Newfoundland had replied that they wished the Singapore project to be completed, New Zealand particularly attaching great importance to the development of the base on the grounds of naval strategy. All of the Dominions, however, expressed sympathy with the general foreign policy of the Labour government in the interests of which Prime Minister MacDonald wished to drop the work at Singapore. This policy looked toward disarmament, arbitration and conciliation through the League of Nations and the furtherance of peace in every possible way; it could hardly be pursued hand in hand with the development of a large base at Singapore.13

The Labour government was supported by the Liberal party in the vote on Singapore, and work on the base was abandoned.

When the Conservative party returned to power, it raised the question of Singapore again, and succeeded in carrying appropriations in the naval estimates for renewing work where it had been left off. At the present time work on the large graving dock is proceeding rapidly, and a new floating dry dock is being built. In the debates on the naval estimates for 1927 the Labour opposition severely criticized the scrapping of the dock acquired from Germany and its replacement, at a large extra expense, by the new dock.<sup>14</sup>

<sup>12.</sup> Great Britain, Parliamentary Debates, Vol. 171, No. 35, p. 287.

<sup>13.</sup> Ibid., p. 315-326.

<sup>14.</sup> Ibid., Vol. 193, No. 35, p. 948.

By March 31, 1929, approximately £1,-650,000 had been expended on the Singapore base. The appropriation for 1929 was £602,000 and the amount yet to be expended by Great Britain before the work is completed is estimated at approximately £5,-700,000.16 This does not include the contributions received from or promised by the Federated Malay States and the Dominions.

Since the present Labour government is still opposed to the Singapore project and since it still enjoys Liberal support in this policy, it will in all probability suspend work on the base during the coming session of Parliament.

Although Australia and New Zealand have urged the development of Singapore, neither Dominion contributes a proportionate share to naval defense. 15a The fact that Australia began to dismantle its navy at the very moment when Great Britain was preparing to create the new base at Singapore aroused comment in both countries. During the World War the Australian navy had attained formidable dimensions, as a result largely of aid from the British government. The fleet consisted of thirty-three units, including one battle cruiser and five light cruisers. eleven destroyers and six submarines. 1922, however, the Australian government, for financial reasons, was forced to place twenty ships out of commission. Later it began to build up the fleet again. 1924 Australia has ordered two cruisers and two control submarines from Great Britain and has authorized the establishment of a fueling base at Port Darwin and seaplane bases at Sydney and other ports. The naval station at Sydney is equipped with a dry dock and repair facilities. New Zealand also has a station equipped with docks and ample fuel supply at Auckland. But New Zealand's share in the naval defense of the British Empire is limited to the maintenance of two British cruisers, together with a depot ship at Auckland and two sloops. This fleet constitutes the New Zealand division under the command of a Commodore.

Canada maintains virtually no navy, and since 1922 has kept in commission only two destroyers, four armed trawlers, and a motor launch. The staff of the naval dockyards at Halifax and Esquimalt have been reduced and no definite naval policy has been adopted. A report by Lord Jellicoe on Canadian naval requirements was presented to the House of Commons at Ottawa on March 10, 1920; this was followed two days later by the announcement that the Minister of Marine had ordered the demobilization of the Canadian naval forces with the exception of 500 men belonging to the Naval College.

At the Imperial Conference of 1921, when the whole question of naval defense was discussed, the following resolution was adopted:

"While recognizing the necessity of cooperation among the various portions of the Empire to provide such naval defense as may prove to be essential for security, and while holding that equality with the naval strength of any other Power is · minimum standard for that purpose, the Conference is of opinion that the method and expense of such cooperation are matters for the final determination of the several Parliaments concerned, and that any recommendations should be deferred until after the Conference on Disarmament." 16

No more definite policy has been agreed upon since 1921.

#### OUTLYING NAVAL BASES OF THE UNITED STATES

American naval strategy is concerned with four principal problems: protection of the Atlantic and Pacific coast line and coastwise shipping; defense of the Panama Canal; defense of American commerce and overseas shipping; protection of the Philippines and insular possessions. Following the Washington Conference, the task of develop-

the General Board of the Navy. A number of principles were laid down, among them one applying to naval bases which was as follows:

"To have always in mind that a system of

ing a definite naval policy was assigned to

"To have always in mind that a system of outlying naval and commercial bases suitably distributed, developed and defended is one of the most important elements of national strength."<sup>17</sup>

<sup>15.</sup> Great Britain, Navy Estimates, 1929, Cmd. 62, p. 217.
15a. In 1928 the collective payments of the four principal Dominions was approximately £4,000,00, while Great Britain's appropriation was £57,300,000. Navy Estimates, 1928, Cmd. 62, p. 7.

<sup>16.</sup> Conference of Prime Ministers and Representatives of the United Kingdom, the Dominions, and India, June, July and August, 1921, Summary of the Transactions, p. 12. 17. U. S. A., Report of the Secretary of the Navy, 1922, p. 3.

In accordance with this principle the United States has done two things. It has carried out repairs on bases in the Pacific affected by the Washington Treaty and developed those of its bases not affected by the Washington Treaty—viz., Pearl Harbor (Hawaii), the Panama Canal Zone, Guantanamo (Cuba), and the Virgin Islands in the West Indies.

The extent to which Article XIX of the Washington Naval Treaty precludes installation of new equipment and defense works in Pacific bases covered by the agreement is not entirely clear. The final clause of Article XIX states that "This restriction [on fortifications, etc.] does not preclude such repair and replacement of worn-out weapons and equipment as is customary in naval and military establishments in time of peace." It is argued that this proviso permits replacement of obsolete batteries by new and superior weapons, and old dry docks by larger and more modern equipment. 18

The United States has carried out minor repairs at its Philippine station at Cavite. In 1922 the naval base at Olongapo, the Philippines, was virtually closed and all equipment, with the exception of the floating dry dock, transferred to Cavite. Reconstruction of the marine railways at Cavite was completed in 1927 and 1928, and drydock repairs were undertaken. Dredging and minor repairs have also been kept up in the other stations covered by the Washington Treaty, but the larger projects tentatively considered in 1920 (see p. 262) have been abandoned.

The most extensive work of all has been done at Pearl Harbor. This base is too far from the Philippines to be of very great value in case the entire fleet were operating in the Far East, but it is regarded as a highly important outpost for defensive purposes. Development of the base has been progressing steadily since 1920. At the present time it has a large naval dry dock and repair shops, a naval air station at Ford Island, two thousand feet of reinforced concrete wharfage, a large oil depot, a radio station, an ammunition depot and a sub-

marine base.<sup>21</sup> A marine reservation is maintained near the base. Extensive fortifications and defenses are maintained by the War Department. Battleships of the *Maryland* and *Lexington* class can be docked at Pearl Harbor and repaired by the naval station force.

Since the opening of the Panama Canal to traffic the American Battle Fleet has been stationed on the Pacific Coast in time of peace. The Scouting Fleet has been stationed on the east coast. The Asiatic Fleet, consisting of an old armored cruiser, a destroyer squadron, six submarines and an airplane squadron and its tender, normally operates in Philippine waters during the winter and in northern China waters during the summer. Chefoo, about 50 miles west of Wei-hai-wei, is used as a summer base.<sup>22</sup>

## DEFENSE OF THE PANAMA CANAL

United States naval policy in the Caribbean is concerned primarily with protection of the Panama Canal. Although the bases at Guantanamo in Cuba and St. Thomas in the Virgin Islands have not been fully developed, they are strategically situated across the Atlantic approaches to the canal, and are potentially valuable.

Guantanamo was leased from Cuba under the terms of two agreements signed by President Roosevelt and President Palma of Cuba in 1903.23 These agreements, which were not submitted to the Senate for ratification. provided for the lease of an area of land and water at Guantanamo and at Bahia Honda for an annual rental of \$2,000. This grant gave the United States the right to develop the harbors and adjacent land for use as coaling and naval stations. The United States recognized "the continuance of the ultimate sovereignty of the Republic of Cuba over the areas," whereas Cuba agreed that during the period of occupation the United States should "exercise complete jurisdiction and control," including the right of eminent domain.

It has been argued that the leasing of this naval station to the United States would

<sup>18.</sup> Bywater, op. cit., p. 128.

<sup>19.</sup> U. S. A., Report of the Secretary of the Navy, 1922, p. 24.

<sup>20.</sup> Ibid., 1928, p. 152.

<sup>21.</sup> *Ibid.*, 1920, p. 702; 1922, p. 82, 84; 1923, p. 36; 1928, p. 310.

<sup>22.</sup> U. S. A., Information concerning the United States Navy and other Navies, p. 4, 132.

<sup>23.</sup> W. M. Malloy, Treaties of the United States, Vol. II, p. 358.

have the effect of bringing Cuba automatically into any war in which the United States might be engaged. When Cuba entered the World War, President Menocal stated in his message to the Cuban Congress (April 6, 1917) that among the reasons which prevented Cuba from remaining neutral were the moral and legal obligations which bound the country to the United States.

An effort to secure additional land for the Guantanamo naval station was begun in 1910, when an offer to surrender the Bahia Honda lease, which had not been developed, and to increase the annual rental to \$5,000 was accepted by the Cuban government. This agreement, dated December 27, 1911, was never ratified, however, and did not come into effect. Opposition was raised in the Cuban Senate to alienation of additional territory at Guantanamo.

The base here is equipped with fuel depots, modern docks and wharfs and has facilities for minor repairs. A marine barracks is located at the station. It is not defended, however, and has no dry dock.

The possibility of developing St. Thomas as a naval station was the important consideration in the purchase of the Virgin Islands from Denmark in 1916. The islands were ceded to the United States in return for \$25,000,000. The harbor at St. Thomas is one of the finest in the West Indies, and the naval station has now been equipped with fuel storage tanks and facilities for handling small ship repairs. A marine corps detachment is stationed permanently at St. Thomas, and the commandant of the naval station is in charge of all naval activities in the Porto Rico-Virgin Islands area.24

At the Panama Canal itself the United States has spent \$113,127,000 on fortifica-

tions and national defense.<sup>25</sup> The Canal Zone constitutes the Fifteenth Naval District, with headquarters at Balboa. A naval air station, submarine base, torpedo depot and marine barracks are located at Coco Solo. The largest battleships can pass through the canal and dock at either entrance. The naval base is well equipped with fuel oil and coal.

Much of the diplomacy of the United States in regard to the Caribbean area has been dominated by strategic considerations -by a desire to obtain naval bases for the American navy in this area and by a desire to keep other powers from establishing a position here that would threaten the Panama Canal. Thus for a number of years certain American statesmen and naval officers wished either to annex or to lease Samana Bay in Santo Domingo; they likewise had an eye to acquiring the Mole St. Nicholas, Haiti.26 Although the United States later abandoned the effort to obtain these bases in Santo Domingo and Haiti, it did obtain, by the Bryan-Chamorro treaty of 1914, the right to establish such bases on Nicaraguan territory. The Nicaraguan government leased the Great Corn Island and the Little Corn Island to the United States for 99 years, and also, for the same period, granted the right to the United States "to establish, operate and maintain a naval base at such place on the territory of Nicaragua bordering upon the Gulf of Fonseca as the Government of the United States may select." The United States was given the option of renewing these leases for a further term of 99 years. Costa Rica and Salvador protested against the Bryan-Chamorro treaty,27 and the United States has not apparently taken any steps to construct the naval bases it authorized.

## BRITISH NAVAL BASES IN THE CARIBBEAN

Judged by the standards of Gibraltar, Malta and Singapore, Great Britain has no modern naval bases in the West Indies. Bermuda, some 700 miles from New York, assumed importance as a naval station in 1869 when a large floating dry dock was towed across the Atlantic and placed in position at St. George. The present dry dock is equipped to handle small cruisers, but is unable to accommodate any of the larger ships.

<sup>25.</sup> Governor of the Panama Canal, Annual Report, 1928, p. 96.

<sup>26.</sup> Sumner Welles, Naboth's Vineyard, Chapter V. J. N. Leger, Haiti, Son Histoire et ses Détracteurs, p. 244.

<sup>24.</sup> U. S. A., Information concerning the United States Navy and other Navies, p. 130.

<sup>27. &</sup>quot;The United States and the Nicaragua Canal," F. P. A. Information Service, Vol. IV, No. 6, p. 118.

The naval establishment was considerably reduced after the Spanish-American War and today the technical and engineering staff consists of 63 officers, engineers and draftsmen. The original coaling station has been replaced by tanks for storing fuel and the island is at present the headquarters of the Eighth Cruiser Squadron, composed of five small 6-inch-gun cruisers and two sloops. The cruisers are the Dispatch, Cape Town, Caradoc, Colombo, and Durban, of between 4,000 and 4,800 tons displacement. The harbor at Hamilton affords a safe anchorage for smaller vessels, but is too shallow for the larger battleships of deep draft.

The fortifications of Bermuda are limited to two old forts which could be annihilated by the heavy guns of first-line battleships. While a battalion of the regular army is stationed on the island, it numbers less than 400 officers and men. The local forces consist only of a voluntary rifle corps, a small cadet corps and a militia corps established on the basis of voluntary enlistment and numbering something over 100 men.

The island of Jamaica, commanding the approach to the Panama Canal, is of greater strategic importance, but its defenses are not much more effective than Bermuda and its facilities and equipment are less adequate. The harbor at Kingston admits the larger merchant vessels, and the naval station is equipped with a fueling base for warships. But the base is without a dry dock of any kind, and cannot be used for extensive overhauling and repair of even the smaller cruisers. While listed as a "defended" station, the fortifications at Kingston consist of one heavy battery, manned by a battalion of some 700 officers and men of the regular British army. As in Bermuda, the island maintains a local militia for home defense and also a police constabulary. Under the militia law every male inhabitant between the ages of 18 and 40, with certain exceptions, is liable for service on the island in time of emergency.

Port Castries, the third of the Caribbean bases, is an anchorage without fueling station or dry dock. Situated on St. Lucia, one of the small Windward Islands, it has no defenses of any kind and no regular army post.

British possessions in the other Windward and Leeward Islands, in Barbados, Trinidad and the Bahamas have no stations and no regular army troops. With the exceptions of Bermuda and Jamaica, they are all without fortifications and maintain only small companies of volunteer militia for home defense. British Honduras, facing the Caribbean on the Central American coast, and British Guiana to the south, are likewise without regular army posts.

## THE WEST INDIES AND A NEUTRALIZED CANAL

There is little evidence to show that the United States regards these British naval stations as a potential threat to the Panama Canal. It is pointed out that both Bermuda and Jamaica are close to the Atlantic coast of the United States, and that they could be reached and captured by an American fleet in time of war before any British fleet could cross the Atlantic. The fortifications are not adequate to repel attack and could not be strengthened without due warning to the United States. In recent years there has been no attempt on the part of Great Britain to develop either station.

The only suggestion that the United States views the British possessions in the West Indies with concern is found in a resolution introduced by Senator Reed of Missouri in 1923, requesting the President to ascertain whether the British government would be willing to discuss the ceding of its possessions in the West Indies to the United States.<sup>28</sup> This resolution was referred to committee without debate, and was not reported favorably. A similar resolution introduced by Senator Reed made the same request with regard to French possessions in the West Indies, but was never discussed.

Moreover, the possibility of a British attack on the Panama Canal has already been guarded against. It is pointed out by a British writer<sup>29</sup> that Great Britain is pledged to observe the neutrality of the Panama Canal under the Hay-Pauncefote treaty of November 18, 1901, which provides in Article III that "the canal shall never be blockaded, nor shall any right of war be

<sup>28.</sup> Senate Resolution 25, 67th Congress, 1st Session.
29. "The Caribbean," Fortnightly Review, August 1, 1929.

exercised nor any act of hostility be committed within it."30 As the basis for neutralization of the canal definite rules are incorporated in the treaty substantially the same as those embodied in the Convention of Constantinople for the free navigation of the Suez Canal. The canal is to be free and open to the vessels of commerce and of war of all nations observing these rules, on terms of entire equality.

This treaty, however, which superseded the Clayton-Bulwer treaty of April 19. 1850,31 preventing exclusive control of a

trans-Isthmian canal by the United States. permitted the United States to "maintain such military police along the canal as may be necessary to protect it against lawlessness and disorder."32 Under this authorization the United States has fortified the canal and its approaches.

The value of an offer by Great Britain to neutralize the West Indies possessions, according to exponents of this proposal, would lie in the moral effect it would have on Anglo-American relations and better understanding between the two countries.

## FRENCH NAVAL BASES

Although the French colonial empire is second only to that of the British Empire. its defense is not perhaps so difficult. The French possessions in North Africa are safe as long as France can control its communications across the Mediterranean. principal remaining units to be defended are French West Africa, Indo-China, and Madagascar. Each of these units has a native army capable of defending the territory from attack in case communications with the home country are cut.33

In 1898 a French decree provided that ten naval bases should be established to assist in the defense of the French colonial empire. The number has since been reduced to the following five: Dakar, in French West Africa; Saigon, in Indo-China; Diego-Suarez, in Madagascar; Noumea, in New Caledonia; and Fort-de-France, in Martinique. The latter is the only French base in the Caribbean. The French Ministry of Marine is now equipping some of these bases, such as Dakar and Saigon, with fuel reservoirs, in order to supply French oilburning warships.

French naval bases are described as follows:

"Dakar, which possesses a dry dock of 197 metres, is now developing its repair shops; local defense is in course of transformation. Saigon is provided with a good dry dock of 157 metres, which is, however, inadequate for our 10,000-ton cruisers. Its arsenal is important; it employs more than 1,000 workmen who do repair work for our

30. W. M. Malloy, op. cit., Vol. I, p. 782. 31. Ibid., p. 659.

ships in the Orient, and who also work for the colony. The mouth of the river at Cap Saint-Jacques is well-defended; important barracks and storehouses are being constructed for use by submarines.

"It is in fact an excellent decision which the Ministry of Marine has recently taken to maintain permanently in Indo-China three submarines and one dispatch boat. The resources of the home country will soon make it possible, it is to be hoped, to protect our principal colonies by this excellent instrument of coast defense. The admirable roadstead of Diego-Suarez, protected by good forts, has a superb dry dock 200 metres in length, but its shops are in poor condition and probably need to be completely transformed. The little harbor of Fort-de-France is the fourth and last of our Colonial Empire. The facilities for maintenance and repair of our naval forces in the Pacific Ocean—the most interesting perhaps from the strategic point of view-are derisory. The Navy Department must soon send to Noumea a small floating dock for the repairing of ships of small tonnage. Finally, other colonial parts, conveniently located for merchant traffic, such as Casablanca, Beyrouth, Diibouti and Papeete, cannot remain long without protection. An urgent task for the next few years will be to endow all of the French colonies with means of naval defense-naval forces and bases-which are indispensable to their security."34

<sup>32.</sup> Article III, Clause 2.

Girault, Principes de Colonisation et Coloniale, Vol. I,

<sup>34. &</sup>quot;Les Bases Navales," Part II, Le Temps, September 9, 1929.

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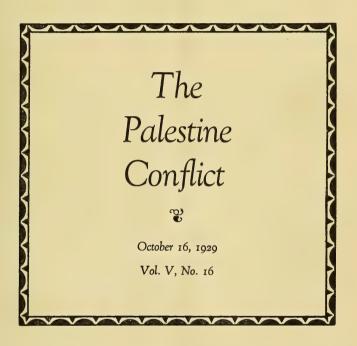
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## THE PALESTINE CONFLICT

by

#### ELIZABETH P. MACCALLUM

with the aid of the Research Staff of the Foreign Policy Association

## INTRODUCTION

URING the latter half of August and the first half of September 1929 there took place in Palestine disturbances more violent than any which have occurred in that country since the establishment of the British mandate under the auspices of the League of Nations. Rioting broke out in widely separated districts, accompanied by burning, looting, acts of cruelty and bloodshed. Bands of Moslem Palestinians, often Bedouin nomads, carried out a series of attacks on Jewish groups, who defended themselves vigorously whenever they were able to do so. In at least one case an attack was made by Arabs on British administrative buildings. On August 25 the Acting High Commissioner cabled for reinforcements. For the first time since the reduction of British troops in Palestine several years ago. British regiments, warships, airplanes and tanks were dispatched to Palestine from Egypt and Malta for the preservation of order within the country itself as distinguished from the regions along its frontiers. Refugees poured into Jerusaiem and other centers of population from Jewish settlements and colonies, where it was believed that the Arabs intended to carry out plans of wholesale destruction.

Mr. Arthur Henderson stated on September 6 to the Council of the League of Nations that up to August 31 the number of casualties had been as follows: killed—83 Moslems, 4 Christians, 109 Jews; wounded in hospitals—122 Moslems, 10 Christians, 183 Jews. Martial law was not in force, he said; participants in the disturbances were being tried in the ordinary civil courts, although special measures were being taken to provide for the impartiality of the tribunals which would cope with the large number of cases to come up. A British commission of

inquiry had been appointed, representing the Conservative, Liberal and Labour parties, to investigate the disorders and report to the British government. The latter would then be in a position, Mr. Henderson said, to consider along what lines (within the terms of the mandate) the future policy of Palestine should be directed.

The Palestine disorders had a wide repercussion throughout the world, and especially in countries where there exist substantial Moslem or Jewish communities. The Jews of the United States raised over \$1.500.000 for Jewish relief within a month's time. Although an orthodox Jewish group, the Agudath Israel, expressed its full confidence in the British government, there existed a tendency among some Zionists to charge the outbreaks to the indifference or partiality of British administrators in Palestine. In late September an insurgent group of Zionists under the leadership of Mr. Jabotinsky opened a campaign in London for a more vigorous fulfillment of the British promise to support the Jewish national home project and to press for the creation of special Jewish defense units in Palestine.2 Both Jewish and Arab groups in various countries staged demonstrations, and made appeals to governments and to the League of Nations. Modest sums were raised in Arab communities for the relief of Arab Palestinians.

In the following pages no attempt is made to recount the occurrences of the last month and a half in Palestine. The purpose of the study is rather to examine the sources of conflict between Arabs and Jews which have formerly been known to exist and to which the violence of recent weeks has given added point in the minds of all who have an interest in the country's welfare.

New York Times, September 7, 1929.
 The World (N. Y.), September 27, 1929.

#### HISTORICAL REVIEW

Palestine in historic times has passed under the domination of many successive empires-Babylonian, Persian, Roman and others. There have been periods, however, during which the inhabitants of the country have themselves enjoyed political independence. Two such periods are important for our present purposes. The first occurred after the twelve tribes of Israel gave up a nomadic existence (with which they had experimented for only two generations), invaded the fertile regions west of the Jordan in the fifteenth century B.C. and settled down to enjoy an agricultural life, first under a democratic form of government and later under a monarchical system, founded by King Saul and consolidated under his successor, King David. The country, however, subsequently fell prey to the expanding empires of the east. Still later it became part of the Roman Empire. Under the Emperor Hadrian in the second century A.D., Jerusalem was sacked and the surviving Jews were dispersed.

In the seventh century A.D. Palestine and neighboring territories were invaded by Arab followers of the Caliph Omar. Arab invaders settled down in the country as the Jews had done before them, under the government of their own leaders. For several centuries the Arab Empire flourished under the Caliphs of Damascus and Bagh-The Arabs were subsequently conquered by the Turks, but they were never ejected from the country they occupied; for thirteen centuries Arabic has thus been the language of the majority of the inhabitants of those territories which are now under French and British mandates in the Near East.2a

Under the Ottoman régime, Palestine comprehended the Sanjak of Jerusalem and the Vilayet of Beirut, within the province of Syria. Along with the other districts of Syria it elected members to the imperial

2a. Syria and Greater Lebanon, directly north of Palestino, are under French mandate. Iraq, originally included among the territories for which mandates were planned, is in treaty relationship with Great Britain and strictly speaking is not under mandate. Great Britain makes annual reports on the administration of Iraq to the League of Nations, however, Palestine and Transjordan are administered under the terms of a single mandate, although Transjordan is exempted from all provisions relating to the Jewish national home.

Parliament in Constantinople after the Constitution was granted in 1908. Thus Palestine at that time had only one neighbor from which it was cut off by political boundaries or tariff barriers; that neighbor was Egypt. From other sections of the Ottoman Empire it was not cut off politically, socially or economically.

The Turks found, however, that there were special difficulties connected with the administration of this region, chiefly because of the peculiar interest taken in it by governments of Christian countries. eigners established Christian schools and other Christian institutions in the holy land in much greater numbers than elsewhere in the Near East: governments of the countries from which such foreigners came were concerned for the welfare of the institutions maintained by their nationals. European governments were also vigilant to see that the recognized right of native Christians to worship freely was not tampered with by the Turkish authorities. This gave rise to frequent embarrassment when quarrels broke out between Christian sects over their right of access to Christian shrines or over the right of maintaining them; the quarrels often could not be settled without the intervention of Turkish civil authorities, who found it extraordinarily difficult to please all parties concerned.

But it was not only the Christians of East and West who were bound by ties of sentiment to Palestine as the birthplace of their To Jews the land was equally religion. sacred. In the case of the Jews, however, there existed an additional sentimental bond by reason of the fact that their own ancestors had occupied the country for centuries before their dispersion. Among the fourteen millions of Jews scattered throughout the entire world, there were many who still dreamed, even in Ottoman days, of the revival of a Jewish homeland in Palestine. A group calling itself the Society of Lovers of Zion (Choveve Zion) established five small settlements in Palestine before 1883. None of these were originally very successful, however, owing in large part to the inexperience of the enthusiasts who embarked

on the venture. But Baron Edmond de Rothschild came to their rescue with generous subventions, founded two additional colonies and provided permanent assistance for them through the Jewish Colonization Association—later the Palestine Jewish Colonization Association.

#### EARLY YEARS OF ZIONISM

Publication of Theodor Herzl's treatise on "The Jewish State" in 1896 led to the foundation of a Zionist Organization in the following year whose avowed purpose it was to create for the Jewish people "a home in Palestine secured by public law." The first Zionist colony was established in 1908. Although the Ottoman government did not welcome the deliberate enlargement within its dominions of one of the existing minority groups by an organization whose political aims were suspected, it did allow the establishment of a Palestine Zionist Office at Jaffa, and the creation from time to time of new colonies by the Zionist Organization. By 1914 there were five of these, in addition to thirty-eight Jewish colonies founded under other auspices. Thus, at the outbreak of the war the population of the Jewish agricultural settlements was 13,000 out of a total Jewish population estimated by the Zionist Organization to be about 84,000.

The war hindered the work of the Zionist Organization in more than one way. It not only brought campaigning armies into Palestine, with consequent devastation of a number of areas, but it also resulted in cutting off leading Zionists in Central Europe from their former colleagues in Allied countries. Zionist activity did not cease, however. Although immediate promotion of colonial settlement had to be suspended, three Jewish battalions were raised to aid the British forces, two of them being composed of Jews who enlisted in the various Allied countries, and the third being made up of Jews from Palestine itself.2b

### BRITISH UNDERTAKINGS IN THE NEAR EAST

British troops in the Near Eastern campaign during the World War found them-

2b. For a fuller account see Report of the Joint Palestine Survey Commission, 1928, on which the above résumé is based.

selves confronted by a difficult military situation, owing to the strategic position of the Turks in Mesopotamia, Syria and Arabia. Knowing that the Arabic-speaking peoples had always been restive under Turkish domination and that under the "Turkification" policy of the Committee of Union and Progress they had grown even more rebellious since 1908, the British government, through Sir Henry MacMahon, entered into correspondence with the Sherif of Mecca in 1915 in the hope that he might be persuaded to revolt against the Turks. The Sherif agreed to aid the British cause in return for a promise that Great Britain would recognize and support the independence of the Arabs within specified areas south of the prospective Turkish boundary. Arabs have maintained that Palestine was included in the specified area; the British, on the contrary, have denied that this was the case. dispute has hinged upon the terminology of a published letter written by Sir Henry MacMahon to the Sherif Hussein, which has been interpreted in opposite senses.3 Not all the correspondence with the Sherif Hussein has yet been published by the British government, however.4 It is affirmed by a writer to whom Hussein showed Sir Henry MacMahon's letters that when the Arab leader flatly refused to accept the territorial reservations proposed by the British authorities, the latter finally conceded the point and in January 1916 definitely undertook to support Arab claims in the whole territory south of the Turkish boundary, except in the protectorate of Aden and in the region of Basra in southern Irag. In March 1916. as this writer affirms, Sir Henry MacMahon wrote again to the Sherif confirming the agreement.5 This was the first of an interesting series of agreements with respect to the Near East—a series vitally affecting Arab, British, French and Jewish interests in that region of the world.

In May 1916 Great Britain entered into a secret agreement with France (known as

<sup>3.</sup> Great Britain. Colonial Office, Correspondence with the Palestine-Arab Delegation and the Zionist Organization, 1922. Cmd. 1709, p. 20, 26; H. W. V. Temperley, A History of the Peace Conference of Paris, Vol. VI, p. 126.

<sup>4.</sup> J. de V. Loder, The Truth About Mesopotamia, Palestine and Syria, p. 19. Requests for the publication of the correspondence have been made both in the House of Lords and in the House of Commons.

A. Rihani, Around the Coasts of Arabia, Part I. Chapter IX. (To appear in December 1929.)

the Sykes-Picot agreement), which provided for the division of the land-bridge between the Mediterranean and the Persian Gulf into five distinct regions. Part of this area was to be under direct British control, part under direct French control: part was to be a British sphere of influence, part a French sphere of influence. Palestine, however, was to fall in none of these four categories. "With a view to securing the religious interests of the Entente Powers," the agreement read, "Palestine, with the holy places, is separated from Turkish territory and subjected to a special régime to be determined by agreement between Russia, France and England."6

## BRITISH PROMISES TO THE JEWS

In the following year yet another document appeared which had an important bearing upon the future of Palestine. Throughout 1917 prominent British Zionists under the leadership of Dr. Chaim Weizmann carried on negotiations with the British government with a view to establishing a Jewish

national home in Palestine.<sup>7</sup> With the support of prominent Zionists in the United States and with the active assistance of President Wilson, these negotiations resulted in the issuing of the so-called Balfour declaration in London on November 2, 1917. The declaration took the form of a letter from Lord Balfour to Lord Rothschild in the following terms:

"His Majesty's Government view with favour the establishment in Palestine of a National Home for the Jewish people, and will use their best endeavours to facilitate the achievement of this object, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine or the rights and political status enjoyed by Jews in any other country."8

On February 9, 1918 the French government announced its endorsement of this policy, while in May 1918 the Italian Ambassador to England made a similar announcement on behalf of the Italian government. A letter from President Wilson in support of the Balfour declaration was published in August 1918. The United States Congress in the 1922 session also adopted a joint resolution endorsing it.

Just before the Armistice in 1918, to set at rest any doubts which the Arabs might entertain as to the benevolence of their allies' intentions, the British and French

governments issued a joint declaration on November 7, 1918, which was expected to insure the continued cooperation of the Arabic-speaking peoples of the Near East with the occupying forces.

"The end aimed at by France and Great Britain, in their carrying out of the war in the East unloosed by German ambition, is

the complete and final enfranchisement of the peoples so long oppressed by the Turks, and the establishment of national governments and administrations, drawing their authority from the initiative and free choice of the native populations.

"To fulfil these purposes, France and Great Britain have agreed to encourage and help the establishment of native governments and administrations in Syria and Mesopotamia, which have been freed by the Allies, and in the territories whose liberation they are now pursuing, and to recognize these as soon as they are effectively established. Far from wishing to impose upon the populations of these regions any particular institutions, the Allies have no other desire than to assure, by their support and by an effective assistance, the normal functioning of the governments and administrations which the populations have freely given themselves. To assure an impartial and equal justice for all, to facilitate the economic development of the country by help-



SKETCH MAP TO ILLUSTRATE THE SYKES-PICOT AGREEMENT

<sup>6.</sup> H. W. V. Temperley, A History of the Peace Conference of Paris, Vol. VI, p. 16.

British interest in the Jews had previously been demonstrated by the offer to establish a Jewish national home in Uganda in East Africa; this offer the Zionists had refused.

<sup>8.</sup> Great Britain. Colonial Office, Report of the High Commissioner on the Administration of Palestine, 1920-1925, p. 24.

ing and encouraging local initiative, to favour the spread of education, to bring to an end Turkish political divisions, too long exploited, such is the rôle which the two Allied Governments assume in the liberated territories."

The joint Anglo-French declaration had the desired effect on the minds of Arabs in the Near East. Posted as it was throughout Palestine, as well as in Syria and Mesopotamia, the assumption of the political-minded among the Arabs was that the promise applied to all of pre-war Syria—i. e., to Palestine as well as the regions north and east of it.

Early in 1919 there also gained currency in Palestine the twelfth of President Wilson's Fourteen Points to the effect that nationalities under Turkish rule "should be assured an undoubted security of life and an unmolested opportunity of autonomous development."10 The principle of self-determination was supposed to be inherent in this doctrine by the Arab speakers and writers of the day in Palestine. It was widely quoted. At the same time Palestinian Arabs were aware of the public undertakings which Great Britain had made to the Jews in the Balfour declaration in November 1917.

## THE NEAR EAST SETTLEMENT

Changes were introduced in the Sykes-Picot agreement after the publication of the Anglo-French declaration which closely affected the interests both of Arabs and of Jews. M. Clemenceau asked in December 1918 that Palestine, instead of being placed under an international régime, should be awarded to France. The British government, which had taken the initiative a year earlier in supporting the Zionist project for a Jewish national home in Palestine, refused to relinquish its leadership now to the French government. M. Clemenceau subsequently had to agree that Great Britain should assume the administration of Palestine, although (in spite of the unwelcome expense involved) he would have preferred to see the original plan for international control carried out.11

At the Peace Conference in 1919 still another decision affecting the Near East was reached. Article 22 of the League Covenant -the article providing for the establishment of the mandate system-proclaimed that in colonies and territories which as a consequence of the late war had ceased to be under the sovereignty of the States which formerly governed them and which were inhabited by peoples not yet ready to stand by themselves under the strenuous conditions of the modern world, there should be applied the principle that "the well-being and development of such peoples form a sacred trust of civilization." In the same article it was stated that certain communities formerly belonging to the Turkish Empire had reached a stage of development where their existence as independent nations could be provisionally recognized, subject to the rendering of administrative advice and assistance by a mandatory until such time as they were able to stand alone. The wishes of these communities were to be a principal consideration in the selection of the mandatory.

President Wilson was resolved that the wishes of the inhabitants should be consulted and proposed that an international commission should conduct an inquiry on the spot. France refused to cooperate, however, and Great Britain followed the lead of France. In May 1919 a purely American commission went to the Near East, reporting that the United States was given first choice in 60.5 per cent and Great Britain in 3.75 per cent of the petitions it received. In 57.49 per cent of the petitions Great Britain was given second choice. The commission also reported that there was general agreement in favor of retaining the unity of Syria and Palestine, as well as a strong sentiment against France as mandatory for Syria. At a meeting of the Supreme Council on March 20, 1919, however, the British and French representatives had already made clear what the intentions of their governments were with respect to the division of the territory.12 These plans were

<sup>9.</sup> J. de V. Loder, The Truth About Mesopotamia, Palestine and Syria, p. 32.

<sup>10.</sup> H. W. V. Temperley, A History of the Peace Conference of Paris, Vol. I, p. 434.

<sup>11.</sup> Ibid., Vol. VI, p. 142.

<sup>12.</sup> Ibid., p. 145. The American Commission of Inquiry reported also that only 0.99 per cent of its petitioners in the Near East supported the establishment of a Jewish national home in Palestine, while 72.3 per cent expressed opposition to it. This report has been published unofficially in Editor and Publisher for December 2, 1922.

carried out without reference to the findings of the American commission.

Just thirteen months later, the Supreme Allied Council, at its meeting in San Remo on April 24, 1920, awarded the mandate for Syria and the Lebanon to France, and the mandates for Palestine and Iraq to Great Britain. On July 1, 1920 the military administration of Palestine was converted to a civil one under the first British High Commissioner, Sir Herbert Samuel. The British government drafted a list of principles to govern the Palestine administration: this draft "mandate" was approved by the Council of the League of Nations on July 24. 1922, although for technical reasons it did not enter formally into effect until September 29, 1923.

On June 21, 1922 the British House of Lords passed a resolution expressing its dissatisfaction with the terms of the mandate.<sup>13</sup> The British government has never submitted the mandate to Parliament inasmuch as it is not a formal treaty. Its policy has been endorsed in effect, however, when the Middle East estimates have been adopted by Parliament year by year. Successive British governments have also reaffirmed their support of the Balfour declaration.

## TERMS OF THE PALESTINE MANDATE

In the mandate for Palestine the seal of wide international approval was set to the principle of the Balfour declaration on the one hand and to the application of the mandate system to Palestine on the other. In the preamble reference is made to the decision of the principal Allied powers to entrust the administration of the country to a mandatory for the purpose of giving effect to Article 22 of the Covenant. Reference is also made to their decision to carry out the full terms of the Balfour declaration, giving recognition to the historical connection of the Jewish people with Palestine and to the grounds for reconstituting their national home in that country. Accordingly, after providing that the mandatory should have full powers of legislation and administration in the country (save as they might be limited by the terms of the mandate) the document went on to provide for carrying out the Jewish national home policy on the one hand and for guaranteeing the rights of the existing population on the other.

In Article 2 the mandatory made itself responsible for placing the country under such political, administrative and economic conditions as would secure the establishment of the Jewish national home; it undertook to be responsible for the development of self-governing institutions, too, as well as for safeguarding the civil and religious rights of the inhabitants of Palestine, irrespective of race and religion. In Article 4 provision was made for special advice to be given the Palestine administration by a socalled Jewish Agency. 13a Under Article 6 the British government undertook that the Palestine administration should facilitate Jewish immigration under suitable conditions and encourage close settlement by Jews on the land, including State lands and waste lands not required for public purposes. In this work the administration was to have the aid of the official Jewish The rights and position of other sections of the population were not to be prejudiced.

The mandatory assumed all responsibility with respect to the holy places and religious buildings or sites in Palestine, including the preservation of existing rights, and securing free access to shrines. The fabric and management of purely Moslem shrines would not be interfered with. A special commission was to be appointed by the mandatory to study, define and determine rights and claims in connection with holy places and religious communities.

The Palestine mandate provided also that the mandatory was to guarantee the territorial integrity of the country; that local autonomy was to be encouraged; that natives and foreigners were to have their rights pro-

<sup>13</sup>a. "Article 4. An appropriate Jewish agency shall be recognized as a public body for the purpose of advising and co-operating with the Administration of Palestine in such economic, social and other matters as may affect the establishment of the Jewish national home and the interests of the Jewish population in Palestine, and, subject always to the control of the Administration, to assist and take part in the development of the country.

<sup>&</sup>quot;The Zionist organisation, so long as its organisation and constitution are in the opinion of the Mandatory appropriate, shall be recognised as such agency. It shall take steps in consultation with His Britannic Majesty's Government to secure the co-operation of all Jews who are willing to assist in the establishment of the Jewish national home."

tected by an adequate judicial system; that the control of foreign policy was to be in the hands of the mandatory power; that there was to be no economic discrimination against the nationals of any State Member of the League of Nations; that archaeological enterprises were to be safeguarded and properly regulated; that inhabitants were to enjoy liberty of conscience and freedom of worship, and that the various communities were to enjoy the right to maintain separate educational institutions.

#### THE ORGANIZATION OF JEWS AND ARABS

At the time when the mandate was approved by the League Council, Palestine had a population of 757,182, of whom 590,890 were Moslems, 73.024 Christians and 83,794 Jews. The remaining 9,474 were principally Druzes.14 The Jews were divided roughly into three groups-those who had come in under Zionist auspices, those who had come in during the nineteenth and twentieth centuries under non-Zionist Jewish auspices (such as the immigrants assisted by the Palestine Jewish Colonization Association already referred to) and the descendants of those who had returned to Palestine in earlier periods—as in the fifteenth century, when Jews were expelled from Spain under Ferdinand and Isabella,15

The non-Jews, popularly although inaccurately called Arabs, were divided between pure Arabs and those who had an admixture of Arab blood, but who were descended from pre-Arab inhabitants of the country. The latter formed the bulk of the settled urban and agricultural population of Palestine, but the majority of the pure Arabs were nomad tribesmen, of whom there were estimated to be 103,000 in 1922.<sup>16</sup>

## THE JEWISH

As has already been indicated, not all Jews in Palestine were Zionists at the close of the World War. But when the mandate recognized the Zionist Organization as a Jewish Agency with special public functions in Palestine, it did so because Zionists were

thoroughly organized both in Palestine and abroad and were actively interested in the success of the unique experiment announced in the Balfour declaration. Forming a world organization, they had established Zionist federations in many different countries. General policies were determined in the biennial congresses of the World Zionist Organization and carried out by an elected Zionist Executive assisted by a General Council. The World Zionist Congresses represented not only all the territorial federations but also certain special unions, organized on a non-territorial basis, which had special programs in view not endorsed by the main body of Zionists.17 The Zionist Executive was in a position to keep in touch with affairs in Palestine through those of its members who resided in the country and could also enjoy contact with the great body of Zionists through those members of the Zionist Executive who resided in other countries having large Zionist federations.18

## PRACTICAL WORK OF THE ZIONIST ORGANIZATION

To make its activities the more effective the World Zionist Organization has delegated a considerable part of its practical work to certain corporations and companies. The main financial institutions of the Zionist Organization are now five in number. The first and second are the Jewish Colonial

<sup>14.</sup> Great Britain. Colonial Office, Report of the High Commissioner on the Administration of Palestine, 1920-1925, p. 48.

<sup>15.</sup> A fourth group, negligible in numbers, was made up of descendants of Jews who had never left Palestine at all.

<sup>16.</sup> In this report, as in British official documents, the word "Arab" is used in the wider sense to include the majority of non-Jews in Palestine and not Bedouin tribesmen only.

<sup>17.</sup> Such special unions now include the Order of Anclent Maccabeans, an English fraternal order; the Misrachi Zionists, or orthodox religious Jews; and two (formerly three) labor groups, known as Poale Zion and Hitachduth respectively—the former being the Jewish Socialist Labor Confederation and the latter a more moderate labor groups.

<sup>18.</sup> Today there are seven members of the Zionist Executive in Palestine (four general Zionists, two laborites and one Misrachi Zionist). Their duty is to watch over the work of the Zionist Organization in Palestine, and to keep in close touch both with the Palestine administration and with their own colleagues abroad. Of the latter there are three in England, one in Germany and one in the United States. There are at present 47 territorial Zionist federations and a few smaller Zionist societies included in the World Zionist Organization in addition to the special unions already listed.

Trust, Ltd., and its subsidiary, the Anglo-Palestine Company, Ltd., both of which provide banking facilities in Palestine. Each had a balance sheet of over \$10,000,000 for the year 1928.

The third financial institution of the Zionist Organization is the Jewish National Fund, which by 1929 acquired on behalf of the Jews a total of almost 250,000 dunums of rural land (about 71,500 acres) and 1,600 dunums (over 450 acres) of urban land. The Jewish National Fund makes itself responsible for general improvements of the land it acquires, by promoting afforestation work, draining swamps, furnishing communities with safe supplies of drinking-water and providing other necessities and amenities. The receipts of the fund between 1924 and 1928 averaged \$1,384,000 annually.

The fourth Zionist financial institution is the Palestine Land Development Company, Ltd., which since the war has acquired 134,-319 dunums (about 38,400 acres) of land for plantations. In the last three years this company has sold to Jews 50,000 dunums (about 14,300 acres) of its land. Its trial balance sheet in December 1928 showed a balance of over \$2,100,000.

## THE PALESTINE FOUNDATION FUND

The fifth financial institution of the Zionist Organization is the Palestine Foundation Fund, Ltd., or Keren Hayesod as it is known in Hebrew. This was established to unite all Jewish forces willing to assist in upbuilding the Jewish national home. It received for Zionist projects during the eight years from 1921-1929 a total of approximately \$18,000-000, to be expended in commercial and philanthropic ventures of many varieties. Through the Palestine Foundation Fund, the Zionist Organization maintains a complex variety of services for the reception, settlement and subsequent welfare of Jewish immigrants to Palestine. It conducts training centers in Europe for prospective agricultural workers and aids in the establishment of needy immigrants by providing loans for initial equipment. It pays head taxes for Jewish immigrants of the laboring class who have no capital. It gives financial assistance to colonies that are not self-supporting, provides agricultural demonstrations and advice, conducts agricultural, commercial and industrial research, encourages cooperative institutions of many kinds, cares for the Jewish unemployed, and arranges for loans to individuals and societies. It maintains a complete educational system.<sup>19</sup>

The Women's International Zionist Orgánization (British and European) through the Palestine Foundation Fund supports a school of domestic science, an agricultural school for girls, a girls' training farm and urban community welfare work.<sup>20</sup>

Medical and welfare work is carried on through the Palestine Foundation Fund by Hadassah, the Women's Zionist Organization of Canada and the United States, as their particular contribution to the reconstruction of Palestine. The Hadassah Medical Organization maintains four hospitals (with a total of 367 beds), polyclinics in five cities, bacteriological laboratories, rural health services and sixteen health welfare centers. beside a completely equipped Health Center in Jerusalem, a school for nurses and courses for physicians. It provides remedial and prophylactic work for children in Jewish schools and has carried on effective campaigns against trachoma, malaria, typhoid and other epidemic and endemic diseases. Its medical welfare services have been provided primarily for Jews, but have been used widely by non-Jews as well.

A Sick Benefit Fund has also been organized under Zionist auspices. With a membership of almost 15,000, this fund provides medical aid for the new settlements and some of the older colonies. It maintains one hospital, three nursing homes, two convalescent homes and various other health services.<sup>21</sup>

<sup>19.</sup> Zionist schools, aided schools and schools merely under the educational supervision of the Palestine Zionist Executive totalled 225 in the school year 1927-1928, and had an attendance of 18,650. Of these 114 were kindergartens, 97 elementary, 6 secondary, 4 normal schools and 4 technical and music schools (Cf. Report on the Administration of Palestine and Transjordan, 1928, p. 48). At Haifa a Technical Institute has been maintained, with departments of engineering and architecture, while the Hebrew University in Jerusalem, the highest institution of learning supported in Palestine by Jews, provides facilities for research along various lines and has begun to offer lecture courses (cf. Zionist Executive Report, 1929, p. 278, 283).

<sup>20.</sup> Ibid., p. 377.

<sup>21.</sup> Zionist Executive Report, 1929, p. 266-310.

## ENLARGING THE JEWISH AGENCY

Such, in brief outline, are the organs established by Zionists for realizing their aim. On these general and specific services toward the reconstruction of Palestine the Zionist Organization is said by the mandatory power to have spent some seven million pounds (almost \$34,000,000) since the Balfour declaration was issued.<sup>22</sup> Baron Edmond de Rothschild is reported to have spent an additional \$50,000,000 on the colonies now supervised by the Palestine Jewish Colonization Association.<sup>23</sup> A number of smaller enterprises have secured the investment of further sums in the development of the country.

Of the fifteen million Jews in the world today 1,200,000 are enrolled as members of the Zionist Organization. But Article 4 of the mandate for Palestine provided that the Zionist Organization, recognized as the official Jewish Agency, should take steps to secure the cooperation of all Jews willing to assist in the establishment of the Jewish national home. Such action was naturally to the advantage of the Zionist Organization, which was desirous of broadening its base of support. Prolonged negotiations therefore took place between Zionists and non-Zionist Jews23a on the subject of cooperation in Palestine. They were brought to a successful close in August 1929, when a basis of agreement was arrived at between Zionists and many of those Jews who were unwilling for one reason or another to subscribe either to the political doctrines or the entire program of Zionism. The Council of the Jewish Agency is now enlarged so as to consist of an equal number of Zionists and

## LOCAL JEWISH ORGANIZATIONS

The Jewish community in Palestine itself is organized for both secular and religious purposes. In 1920 a Jewish National Assembly was elected by the Jews of Palestine; this group in turn appointed a National Council, known as the Vaad Leumi, which has represented the views of the local Jewish community as a whole in secular matters. The latter body has kept in touch with its constituency on the one hand and the Palestine government on the other; it has also submitted petitions to the League of Nations on behalf of the Palestine Jewish community.

Furthermore, a Labor Organization has existed, which in 1926 included 22,460 members or 70 per cent of the Jewish workers in the country.<sup>25</sup>

A Rabbinical Council and a Rabbinical Assembly were recognized by the government as having authority in religious matters. Rabbinical courts have jurisdiction in certain cases affecting the personal status of Jews. A religious communities organization ordinance has been put into effect, which enables the people of any considerable religious group to organize for the purpose of carrying on certain community projects. The Jewish community is in process of organizing in two such groups, one of which represents the orthodox Jewish community.

non-Zionists.<sup>24</sup> An Executive Committee of the Council of the Jewish Agency, consisting of twenty Zionists and twenty non-Zionists, is henceforth to bear the chief burden of the duties described in Article 4 of the mandate which have hitherto devolved upon the Zionist Executive.

<sup>22.</sup> Report of the Administration of Palestine and Transjordan, 1928, p. 117.

<sup>23.</sup> Reports of the Experts submitted to the Joint Palestine Survey Commission, 1928, p. 34.

<sup>23</sup>a. A distinction is to be drawn between non-Zionists and anti-Zionist Jews. The number of non-Zionists is considerable, while the number of anti-Zionist Jews is said by Zionists to be negligible. Non-Zionist Jews are those mainly who believe the destiny of the Jews to be an international one. Their efforts are directed toward consolidating the position and developing the influence of Jews in the various countries in which they find themselves, rather than toward the creation of a predominantly Jewish State in any part of the world.

<sup>24.</sup> The latter represent general Jewish organizations in nineteen countries. The basis of agreement between Zionists and non-Zionists was not reached until after an extensive survey of Palestine reconstruction work had been completed were submitted to a Joint Survey Commission of distinguisted were submitted to a Joint Survey Commission of distinguisted Zionists and non-Zionists who in the following year drew up a series of recommendations urging the substitution of business methods for philanthropy as the only practical method of colonization in Palestine. The report of the Joint Survey Commission, to which frequent reference is made in the present study, is one of the most valuable handbooks in existence on the subject of present-day Jewish effort in Palestine.

<sup>25.</sup> L. Stein, "The Development of the Jewish National Home in Palestine," in A. J. Toynbee, Survey of International Affairs, 1925, Vol. I, p. 373.

## ARAB ORGANIZATIONS

The foregoing is a formal outline of the complex organization which has developed among the Jews within Palestine and without. The organization of the Arabs is simpler. A Supreme Moslem Council, formed by the Moslem Arabs in 1921 at the request of the British authorities, has control over Moslem pious foundations. Under the religious communities ordinance both Moslem and Christian Arab communities have the right to organize as the Jewish community is doing. For secular purposes there is no organization embrac-

ing the majority of the Arab population. Soon after British control was established. many of the Moslems and Christians in Palestine united, however, in an Arab Congress to combat the fulfillment of the Balfour declaration and the terms of the mandate. In course of time a National party, more moderate than the Arab Congress, came into existence, diminishing somewhat the membership of the older organization. A Syro-Palestinian Congress, with headquarters in Egypt, made itself responsible, meanwhile, for presenting the claims of Arab nationalism to public opinion generally and to the League of Nations in particular.

#### THE POLITICAL CONFLICT

Prior to the British occupation, Jews and Arabs in Palestine lived together in tranquillity. Since the British occupation, however, there have been four serious outbreaks of which the first three occurred in 1920 and 1921. Total casualties reported among Jews and Arabs were 104 killed and over 400 wounded on these earlier occasions. Zionists have ascribed these outbreaks to agitation carried on by members of the effendi classi. e., the educated and the land-owning minority. A British commission of inquiry which went to Palestine in 1921 to investigate the Jaffa riots of that year, however, placed emphasis upon certain social, economic and political conflicts which they believed had entered into the situation. It is upon such social, economic and political conflicts that the Arab leaders have also placed emphasis in their communications with British authorities and their petitions to the League of Nations.

Political conflicts in Palestine have had to do with that clause of Article 2 of the mandate which foreshadowed the creation of self-governing institutions in the country. In the early period from 1920 until 1922 no legislature existed. Instead, a nominated Advisory Council aided the British administration by offering criticism of prospective legislative measures. The Advisory Council consisted of ten British officials, four Moslem Arabs, three Chris-

tian Arabs and three Jews. Sir Herbert Samuel attempted in 1922 to introduce a constitution which would have substituted a Legislative Council for the existing Advisory Council. The proposed body, somewhat like its predecessor, was to be divided between ten official and twelve non-official members. The non-official members were to be elected and were to include eight Moslems, two Christians and two Jews.<sup>26</sup>

The Palestine Zionist Executive favored the High Commissioner's proposal. The Executive of the Palestine Arab Congress, however, opposed it. In the first place, the draft constitution was based on the Balfour declaration, which the Arabs refused to accept.<sup>26a</sup> In the second place, as long as there were official members on the Legislative Council Arabs feared they might

<sup>26.</sup> Great Britain. Colonial Office, Report of the High Commissioner on the Administration of Palestine, 1920-1925, p. 44 ff.

<sup>28</sup>a. Hussein, Sherif of Mecca, when first notified of the Balfour declaration, accepted it philosophically. His son Feisal at the Peace Conference went farther. He wrote a letter to Mr. Felix Frankfurter in which he noted a similarity between Arab and Jewish alms. Both were national, neither was imperialist. Neither, he thought, could be a real success without the other. His deputation would do its best, he said, to help forward the proposals of the Zionists at the Peace Conference. And it would wish the Jews "a most hearty welcome home." He was afraid misrepresentations had been made to both Arab and Jewish peasantry in Palestine, with the result that interested parties had been able to make capital out of what they called differences between Arabs and Jews. Feisal stated that he believed such differences to be matters of detail and not of principle.

This letter was not followed by further communications in a similar vein from responsible Arab authorities, however.

combine with the Jewish representatives to outvote the Arabs in matters considered vital by the latter. Again, the Arabs believed that the High Commissioner's powers under the constitution would be excessive, having the effect of relegating Palestine to the position of an ordinary colony, in contravention of Article 22 of the Covenant.

## ARAB OPPOSITION TO BALFOUR DECLARATION

The specific objections raised by Arabs against the Balfour declaration itself were numerous but may be summarized as follows:

- 1. The purpose of Article 22 of the League Covenant was to promote "the well-being and development of the people" of the mandated territories. Alien Jews, living outside of Palestine, did not come within the scope of this aim.
- 2. The Balfour declaration was preventing Palestine from creating those self-governing institutions which were its right under the terms of Article 2 of the mandate. A communication from the Colonial Office to the Arabs had put the case frankly. "There is no question," it had said, "of treating the people of Palestine as less advanced than their neighbours in Iraq and Syria; the position is that His Majesty's Government are bound (in the case of Palestine) by a pledge which is antecedent to the Covenant of the League of Nations, and they cannnot allow a constitutional position to develop in a country for which they have accepted responsibility to the Principal Allied Powers, which may make it impracticable to carry into effect a solemn undertaking given by themselves and their Allies .... It is quite clear that the creation at this stage of a national government would preclude the fulfilment of the pledge made by the British Government to the Jewish people."27
- 3. Article 20 of the League Covenant provided that all States Members of the League must take immediate steps to procure their release from any previous undertakings inconsistent with the terms of the League Covenant. The Arabs demanded the abrogation of the Balfour declaration, because they asserted that it fell in this category.
- 4. The Jewish national home policy made inevitable the division of the single country of Syria into smaller parts with unnatural boun-

daries, tariffs, high taxation and "all the other inconveniences such segregation entails."28

- 5. By permitting Jewish immigration into Palestine and by attempting immediately to carry out Zionist policies in Palestine the British authorities were violating Article 3 of the Hague Convention, which states that a power occupying a country shall, as far as possible, carry out the laws and regulations of the preceding government and shall effect no vital change until the final status of the occupied country has been regularized.
- 6. Because of the Balfour declaration the British authorities had set up in Palestine a Jewish Agency whose function it was to advance Jewish Agency was accused by the Arabs of contant interference in the Palestine administration. To recognize the Zionist Organization as a public body with such wide powers was "totally illegal." Jews should be represented in a Palestinian legislature only in proportion to their numbers. The Jewish Agency constituted an imperium in imperio and should be abolished.

## COLONIAL ADMINISTRATION RETAINED IN PALESTINE

Sir Herbert Samuel refused to acquiesce in the Arab demands for a representative assembly based on the above arguments. He explained his policy later to the Permanent Mandates Commission in the following manner:

"If a standing majority on the Council were created who were opposed to certain terms of the mandate, the government of Palestine would have been placed in a permanent impasse, for, on the one hand, it would be obliged to carry out certain measures under the terms of the mandate and, on the other, a hostile majority in the Council would have opposed any attempt to execute those measures." 29

The Palestine Arab Congress boycotted the elections to the Legislative Council, with the result that Sir Herbert Samuel had to abandon the proposed constitution. Feeling had so risen among the Arab population that he even failed to re-establish an Advisory Council of the sort which had existed before the election. When he attempted to do so, Arab nationalists forced the resignation of such Arabs as he ap-

Great Britain. Colonial Office, Correspondence with the Palestine-Arab Delegation and the Zionist Organization, 1922, (Cmd. 1700) p. 5-6.

<sup>28.</sup> Permanent Mandates Commission, Minutes of the Fifth Session, 1924, p. 167.

<sup>29.</sup> Ibid., p. 55.

pointed to the body. In 1923 he fell back on a final expedient. He offered to establish an Arab Agency with functions similar to those of the Jewish Agency. This suggestion, too, the Arabs rejected, maintaining their former position that it was impossible for them, in self defense, to accept anything less than an elected Legislative Assembly and an Executive responsible to it.<sup>30</sup>

Since that time the government of Palestine has been carried on directly by the British administration. Legislation is effected by the High Commissioner in consultation with his subordinates. Draft ordinances are published in the Official Gazette some time in advance of promulgation. These may be commented upon by interested groups or individuals, the suggestions being taken into consideration by the British authorities if they are deemed applicable. The Council of the Jewish Agency has the right to discuss with the administration the effects which proposed legislation may be expected to have on Jewish interests.

In 1928 and 1929 Arab delegations several times petitioned the High Commissioner, Sir John Chancellor, for the establishment of an elected Parliament. Sir John Chancellor promised to take the matter up with the Colonial Office but stated that the international obligations of the mandatory and the importance of Palestine to hundreds of millions of people throughout the world as the home and birthplace of three great religions made it difficult to grant the democratic institutions they desired.31 Meantime, under the leadership of Mr. Josiah Wedgewood, there was founded in England a Seventh Dominion League for the avowed purpose of converting Palestine into a self-governing dominion within the British Empire upon the expiry of the Arabs held that this project conflicted with the provisions of the League Covenant.

#### INTERPRETING THE BALFOUR DECLARATION

Sir Herbert Samuel came early to believe that part of the Arab opposition to the Balfour declaration was based on a misunderstanding of its implications. He knew that the Arabs had accepted rumors to the effect that their land was about to be expropriated for purposes of Jewish colonization and that Palestine was to be subjected to a veritable flood of Jewish immigration until its population had become overwhelmingly Jewish. He knew also that certain Zionists had spoken and written of "making Palestine as Jewish as England was English," and of establishing not an equality of partnership between Jew and Arab, but Jewish predominance.

To discourage exaggerated fears and exaggerated expectations, the High Commissioner arranged in 1922 that the Colonial Office should issue a statement of British policy in Palestine in the form of a more precise interpretation of the Balfour declaration. The following extract from this second declaration indicates the points he considered it necessary to stress:

"Unauthorized statements have been made to the effect that the purpose in view is to create a wholly Jewish Palestine......His Majesty's Government regard any such expectation as impracticable and have no such aim in view. Nor have they at any time contemplated.....the disappearance or the subordination of the Arabic population, language or culture in Palestine......The terms of the Declaration referred to do not contemplate that Palestine as a whole should be converted into a Jewish National Home but that such a Home should be founded in Palestine......

"During the last two or three generations the Jews have recreated in Palestine a community, now numbering 80,000, of whom about onefourth are farmers or workers upon the land. This community has its own political organs, an elected assembly for the direction of its domestic concerns, elected councils in the towns, and an organisation for the control of its schools. It has its elected Chief Rabbinate and Rabbinical Council for the direction of its religious affairs. Its business is conducted in Hebrew as a vernacular language, and a Hebrew press serves its needs. It has its distinctive intellectual life and displays considerable economic activity. This community, then, with its town and country population, its political, religious and social

<sup>30.</sup> Great Britain. Colonial Office, Report of the High Commissioner on the Administration of Palestine, 1920-1925, 144.46

<sup>31.</sup> Permanent Mandates Commission, Minutes of the Fifteenth Session, 1929, p. 79.

organisations, its own language, its own customs, its own life, has in fact 'national' characteristics. When it is asked what is meant by the development of the Jewish National Home in Palestine, it may be answered that it is not the imposition of a Jewish nationality upon the inhabitants of Palestine as a whole, but the further development of the existing Jewish community, with the assistance of Jews in other parts of the world, in order that it may become a centre in which the Jewish people as a whole may take, on grounds of religion and race, an interest and a pride. But in order that this community should have the best prospect of free development and provide a full opportunity for the Jewish people to display its capacities, it is essential that it should know that it is in Palestine as of right and not on sufferance. That is the reason why it is necessary that the existence of a Jewish National Home in Palestine should be internationally guaranteed, and that it should be formally recognised to rest upon ancient historic connection."

## In subsequent sentences it was added:

"For the fulfilment of this policy it is necessary that the Jewish Community in Palestine should be able to increase its numbers by immigration. This immigration cannot be so great in volume as to exceed whatever may be the economic capacity of the country at the time to absorb new arrivals. It is essential to ensure that the immigrants should not be a burden upon the people of Palestine as a whole, and that they should not deprive any section of the present population of their employment." 32

## RESULTS OF THE INTERPRETATION

Dr. Chaim Weizmann, on behalf of the Zionist Executive, assured the British government (June 18, 1922) that the activities of the Zionist Organization would be conducted in conformity with the policy declared by the Colonial Office. The Zionist Executive took note of the fact that the volume of Jewish immigration was to be determined by the economic capacity of the country to absorb new arrivals. It confidently trusted that the British authorities would be guided by this principle.<sup>33</sup>

The Arab delegation, however, refused to endorse the Jewish national home policy, even in its more precise definition. It asserted that the outward signs of a "national" existence referred to in the British statement with respect to the Jewish community were also possessed by the other communities in Palestine: they maintained that if these were to constitute a reason why the Jews outside Palestine should be allowed to come into the country "as of right and not on sufferance." it was the more reason why the Arabs themselves should be confirmed in their national home as against all intruders, and immigration placed in their control. The Jews already in Palestine were there by right, and should enjoy the same status as the Arabs. But to argue that the right of the present Jewish community in Palestine should be extended to all the Jews of the world, as the British memorandum appeared to do. was to adopt a line of reasoning "which no people, let alone Arabs, would accept if applied to itself."34

Zionists looked upon the arguments of the Arab representatives with a certain degree of skepticism. They believed the great majority of uneducated Arabs in Palestine to be of simple mind, free from political knowledge or ambitions of any sort. It was their thesis that Arab landowners and employers who saw their influence being diminished and their profits cut into by reason of the higher wages paid to labor by Jews, made use of a relatively small group of educated youths to create an artificial agitation among the fellahin (agricultural laborers) with a view to injuring their Jewish rivals. They believed that if the masses of Arab workmen could be trained to expect higher wages and adopt a higher standard of living, the political agitation carried on by Arab employers would fail to receive in future the response it commanded at the moment.

<sup>32.</sup> Great Britain. Colonial Office, Correspondence with the Palestine-Arab Delegation and the Zionist Organization, 1922, p. 18-19.

<sup>33.</sup> Ibid., p. 29.

<sup>34.</sup> Ibid., p. 24.

#### THE ECONOMIC CONFLICT

Conflicts of an economic character have been represented by Arabs as having resulted from British willingness to forward the aims of Zionism. Arabs have complained that the administration has permitted a far greater immigration than the country was prepared to receive. They have asserted that economic disturbances from which the country has suffered could have been avoided or at least very greatly diminished if the British government had not included in the mandate a promise to facilitate Jewish immigration -modified though that promise was by a clause insuring the rights and position of other sections of the population. Zionists, on the contrary, have maintained that Jewish immigration was not excessive and that Jewish immigrants could have been absorbed without distress either to themselves or to others had the Palestine administration carried out the British undertaking to make available for intensive Jewish colonization the tracts of State land and waste land referred to in Article 6 of the mandate.

Whatever view is taken of the immigration policy of the Palestine administration, the practical result it has achieved is a considerable increase in the population of the country. When the first Palestine census was taken in 1922 the population was found to be 757,182. In 1928 it was estimated to be 897,516<sup>35</sup>—an increase of 140,334. Part of this was a natural increase, but much more of it was due to immigration. Immigration and emigration since the year of the census are represented in the following table:<sup>36</sup>

#### MOVEMENTS OF POPULATION

	I.	MMIGRATION		j	EMIGRATIO	V	EFUSED ENTRY‡
			Non-			Non-	Jews and
Year	Total	Jews	Jews	Total	Jews	Jews	Non-Jews
1922*	8,128	7,844	284	2,939	1,503	1.436	?
1923	7,991	7,421	570	4,947	3,466	1.481	218
1924	13,553	12,856	697	3.141	2,037	1.104†	?
1925	34,641	33,801	840	4,100	2.151	1.949	?
1926	13,910	13,081	829	9,429	7,365	2,064	300
1927	3,595	2.713	882	6,978	5.071	1,907	323
1928		2,178	908	2,822	2,168	954	313

\*In the three years 1919-1921 some 20,000 immigrants entered the country. No reliable emigration figures are available for this early period.

+This figure is for six months only. Returns incomplete.

fFrom annual reports of High Commissioner.

It will be seen from the above figures that Jewish immigration was almost doubled between the years 1923 and 1924, and that the figure for 1925 was almost three times as great as the figure for 1924. This very rapid increase was suddenly interrupted with the appearance of economic depression in 1925. In the following year immigration fell almost to the 1924 figure, while in 1927 and 1928 its volume was lower than at any time since the establishment of the British civil administration. There was at the same time a sharp increase in emigration. In 1927 emigration was almost twice as great as immigration, while in 1928 the movements to and from Palestine practically balanced each Arab emigration varied relatively other. little.37

The violent fluctuation in Jewish emigration is represented in the following table;<sup>38</sup>

## JEWISH EMIGRATION RATES

	Percentage co	mpared
Year	with immigr	ation
1922		)
1923	47	7 .
1924	10	3
1925	(	3
1926	57	7
1927	180	)
1928*	99	)

\*Of those who left the country in this year, 80 per cent had come to Palestine since the end of 1924. Report on the Administration of Palestine and Transfordam, 1928, p. 31.

<sup>35.</sup> Report on the Administration of Palestine and Transfordan, 1923, p. 55.
36. Based on the Zionist Executive Report, 1929, p. 191.

<sup>37.</sup> Before 1908 there was little Arab emigration from Palestine. But the restlessness created by the repressive policy of the Young Turks after 1908 encouraged Arab emigration, which has remained a feature of the mandatory regime also.

<sup>38.</sup> Based on figures given in the Report of the Joint Palestine Survey Commission, p. 45.

Many influences combined to bring about the marked fluctuation in Jewish immigration. Its volume depended in part upon the situation of Jews in the countries of their dispersion;39 in part it depended upon the contributions to Zionist funds: in part it depended upon the immigration regulations of the British authorities in Palestine. These regulations varied. After trying other experiments which proved unsatisfactory, the Palestine administration decided in 1922 to control the immigration of laborers (who presented the chief problem) on the basis of semi-annual estimates of the country's requirements. By so-called "labor schedules." based on such estimates, it fixed the quota of laborers to be admitted after consultation with the Palestine Zionist Executive. Zionist Organization was invited to fill practically the whole quota.40 Continued economic depression, however, caused the labor quota to be reduced to the vanishing point. In a decree of August 1927 immigration was finally restricted to two classes of people-(a) the wives and infant children of actual residents of the country, and (b) persons in possession of a minimum of £1,000. Protests from the Zionist Executive failed either to secure a reduction in the minimum capital required of immigrants or to gain permission for agricultural laborers to enter the country.41 Immigration certificates under the labor schedules were issued again in October 1928 and April 1929, however, the Zionist Organization receiving 600 such certificates on the first date and 2,400 on the second.

Official figures and estimates showed that although Palestine's future depended largely upon agricultural development, the majority of Jewish immigrants were settling in the towns. In 1922 there were found to be 68,000 Jews in urban areas and only 15,000 in rural areas. In 1925 government estimates placed the figures at 85,000 and 23,000

respectively, while Zionists estimated that 114,000 were in towns and 24,000 in the country.<sup>42</sup>

The Permanent Mandates Commission expressed concern in its report to the League Council in 1924, both because immigration had not always been in proportion to Palestine's capacity of economic absorption and because immigrants had not been allocated carefully enough with regard to the agricultural, commercial and industrial needs of the country.43 The comments of the Mandates Commission did not have the desired effect, however; in the following year immigration figures were much larger than they had ever been before, and unemployment figures went up at an alarming rate. Arabs asked, without success, that a League commission be sent to Palestine to investigate conditions and assess the blame for the dislocation of the country's economic life.

## IMMIGRATION AND UNEMPLOYMENT

It was upon the Jewish community that the burden of unemployment chiefly fell. Jewish capital was immobilized by investments in land and extensive building operations as well as by investments in speculative purchases. Toward the end of 1925 there occurred a shortage of capital and restrictions of credit.44 A sudden decline in building activity followed, together with general trade and financial depression. Figures of unemployment among Jewish workers in Palestine went up. During the summer months of 1924 and 1925 the monthly average of Jewish unemployed was in the neighborhood of 500. In the summer of 1926 it was 6,000. In 1927 it was still high, although by June 1928 it was reduced to less than 1.500. It was officially estimated in 1927 that the number of Jewish working men and women was 26,500. The above figures thus represented a high percentage of unemployment.

The general depression had an adverse effect upon non-Jewish workers also. The proportion of unemployment among Jews was much higher than among Arabs, but the

<sup>39.</sup> Of Jewish immigrants in 1928, 239 came from the British Empire, 256 from the United States, 1,116 from Northern Africa and Western Asia and 1,457 from Europe. (Report on the Administration of Palestine and Transjordan, 1928, p. 92.) In general it may be said that the highest percentage came from Poland (an average of 38 per cent between 1922 and 1937) with Russia coming second (an average of 16 per cent in the same period). The percentage from America rose from 0.7 in 1922 to 9.3 in 1927. Cf. Report of the Joint Palestine Survey Commission, p. 46.

<sup>40.</sup> For a fuller account cf. L. Stein, "The Development of the Jewish National Home in Palestine," in A. J. Toynbee, Survey of International Affairs, 1925, Vol. I, p. 370 ff.

<sup>41.</sup> Zionist Executive Report, 1929, p. 9.

<sup>42.</sup> L. Stein, op. cit., p. 377.

<sup>43.</sup> Permanent Mandates Commission, Minutes of the Fifth Session, 1924, p. 189.

<sup>44.</sup> K. W. Stead, Report on the Economic and Financial Situation of Palestine, 1927, p. 10.

entire population of Palestine suffered from the existing financial stringency, while curtailment of appropriations for various public services delayed their normal development through the entire country.

As measures of relief, primarily for the Jewish unemployed, the Palestine government made appropriations for certain roads and other public works at an aggregate cost of a little over \$1,000,000<sup>45</sup> during 1926, 1927 and 1928. Although a certain number of Arab workmen were also employed on these projects, Arabs complained because the lack of a representative legislature made it impossible for them either to have a hand in controlling immigration or to decide in what manner and for what purposes public reve-

nues should be expended.

The Zionist Organization, unable to provide employment for all Jews who remained out of work in 1926 and 1927, had to resort to doles in the chief centers of Jewish population. In this way it prevented Jews from becoming a direct charge upon the public funds.46 Successful attempts to substitute employment for the dole were put into effect in 1927, and in April 1928 the dole was stopped in the all-Jewish town of Tel Aviv, where it had continued longest. During 1927 the Zionist Organization distributed an average of \$34,000 monthly in unemployment relief.47 Its special undertakings to provide work for the unemployed in 1927 and 1928 involved an expenditure of \$572,000.48

#### COMPLAINTS AGAINST THE ADMINISTRATION

While the people of Palestine were carrying the heavy burdens caused by the prevailing economic depression, a large surplus was accumulating in the Palestine treasury. By 1927 the surplus amounted to \$7,772,-00049—a sum equivalent to three-quarters of the annual Palestine budget. By a prompt and judicious investment of a substantial part of this money in productive enterprises, Arabs and Jews believed the Palestine government would go far toward assuring the future prosperity of Palestine. In 1928, however, about \$3,000,000 of this surplus was turned over in settlement of Palestine's share of the Ottoman Public Debt to the satisfaction of foreign bondholders. About \$1,000,000 was also paid back into the British treasury, in consideration of the deficit incurred by the latter during the period of the military administration in Palestine. 50 This policy was characterized as short-sighted.

Zionists thought it indicated a willingness on the part of the Palestine authorities to place the chief responsibility for Palestine's economic development upon the Zionist Organization, while insuring that British and foreign interests should not suffer.

The British authorities, meanwhile, contented themselves with a slower development program than Zionist leaders suggested, being confident that a distinct advance in prosperity would come with the carrying out of three extensive projects for which concessions had been granted by 1929—viz., construction of a modern harbor at Haifa, exploitation of Dead Sea salts, and the Rutenberg scheme for supplying the greater part of the country with electric light and power.

Palestine was struggling all the while with an adverse trade balance which showed no sign of reduction. Visible imports in 1928 totalled \$33,500,000, and visible exports only \$9,000,000, leaving an adverse balance of \$24,500,000.<sup>51</sup> These figures represented approximately what had been going on for seven years. The gravest feature of the trade situation was the fact that Palestine was still importing foodstuffs, such as cereals and olive oil, which it had exported before 1914 and ought still to have been exporting.

<sup>45.</sup> Report on the Administration of Palestine and Transfordan, 1926, p. 60; 1927, p. 94; 1928, p. 82.

<sup>46.</sup> Report on the Administration of Palestine and Transfordan, 1928, p. 116.

<sup>47.</sup> Ibid., 1927, p. 96.

<sup>48.</sup> Storist Executive Report, 1923, p. 193, ff. A survey of Jewish Industry in Palestine in 1936 had shown an investment of almost \$8,250,000 in general industrial undertakings, employing some 6,000 workmen (among whom were Arabs as well Jews) and divided among the following categories in the order of their importance: foodstuffs, building materials, textlies, paper, wood, chemical industry, heating materials, textlies, distributed by the state of the stat

<sup>49.</sup> Report on the Administration of Palestine and Transfordan, 1927, p. 7.

<sup>50.</sup> Ibid., 1928, p. 8.

<sup>51.</sup> Ibid., p. 29.

## LAND POLICY

Zionists maintained that what the country needed was a vigorous program of agricultural development—something more farreaching than the \$2,800,000 worth of short-term loans to cultivators issued in 1920-1925, and something more rapid than the afforestation, drainage and irrigation projects already entered upon. Jewish immigrants from Central Europe-many of them enthusiastic exponents of a back-to-the-land movement-found when they reached Palestine that the opportunities in agricultural districts were not what they had expected. Their leaders blamed the Palestine administration for retarding the work of agricultural reconstruction by failing to provide Jewish organizations with large tracts of State land and waste land for close settlement as provided in the mandate. A concession for reclaiming the Kabbarah swamps between Jaffa and Haifa was given to the Palestine Jewish Colonization Association in 1921; but in the Beisan area near the Jordan River, in which Zionists had expected to receive a concession, prior claims were found to have been established by Arabs. Accordingly, Jewish expectations of close settlement in this area could not be immediately fulfilled. The government did make provision, however, on the urgent representations of the Jewish Agency, that lands sold by Arab owners in the Beisan area should go by preference to bona fide settlers. rather than to speculators.

In 1925 the Zionist Organization complained to the Permanent Mandates Commission that Article 6 of the mandate, in so far as it related to assistance in land settlement, still remained substantially inoperative, although the mandate itself had been in force for a considerable time. The British authorities explained that most of the State lands in Palestine were already occupied by non-Jewish tenants, who had certain moral, if not legal claims to such lands and who could not be dispossessed without infringing the provisions of the mandate. Again, isolated properties were of little value for Jewish settlement; but

Under these circumstances a considerable amount of land had to be bought privately by Jewish immigrants and the process of agricultural development was proportionately retarded. Prices charged by Arab owners of the land were usually two or three times their pre-war value,<sup>53</sup> and sometimes soared even higher.

Under the British administration no land has passed from Arab to Jewish possession except what has been voluntarily sold by Arabs. Resentment nevertheless exists among Arabs at the spectacle of Jewish penetration into what were formerly purely Arab communities. Some former landowners, who found considerable difficulty in marketing produce in the early post-war period decided to sell out; many of them now regret their decision.

By 1927 there were in Palestine 104 agricultural settlements, of which fifty were Zionist colonies and fifty-four colonies of the Palestine Jewish Colonization Association. Land held by Jews in the whole country totalled 1,000,200 dunums (about a quarter of a million acres) <sup>54</sup> and equalled about one-fourteenth of the total exploitable area of Palestine. Of this area 463,000 dunums, or not quite half, was under operation by farmers in 1927, while a still smaller area, about 37.2 per cent, was under actual cultivation. <sup>55</sup>

Overhead expenditures were high in many of the Jewish settlements because of the necessity for irrigating or draining most of the land. By 1929 only eight of the Zionist agricultural settlements were considered self-supporting<sup>56</sup> although the colonies of the Palestine Jewish Colonization Association were in a considerably stronger position.

there were few State properties of really adequate size, so that the government was doubly hampered in fulfilling the wishes of the Zionist settlers.

<sup>53.</sup> Report of the High Commissioner on the Administration of Palestine, 1920-1925, p. 32.

of Palestine, 1920-1925, p. 35.

54. Report of the Joint Palestine Survey Commission, 1928, p. 49. Of this land 42.8 per cent was in the hands of the Palestine Jewish Colonization Association, 22.5 per cent was in private hands. 21.3 per cent belonged to the Jewish National Fund, while 13.4 per cent belonged to the American Zion Commonwealth and affiliated companies. The American Zion Commonwealth (an American corporation organized for the purchase of land in Palestine) later sold most of its holdings to the Jewish National Fund (Zionist Executive Report, 1929, p. 256).

<sup>65.</sup> Ibid., p. 256.

<sup>56.</sup> Ibid., p. 210.

<sup>52.</sup> Permanent Mandates Commission, Minutes of the Seventh Session, 1925, p. 184.

## FISCAL POLICY

Zionists deplored the fact that the chief burden of direct and indirect taxation fell upon the agricultural population of Palestine. The tithe levied on agricultural produce was particularly vexatious—even in its altered form under the commutation of tithes ordinance—inasmuch as it put a premium on the non-cultivation of land. Zionists also maintained that some concession in respect of taxation should be made to new agricultural settlements in their early stages, as was done by other governments wishing to encourage agricultural colonization.<sup>67</sup>

The Palestine administration did not intend to make any material change in the system of agricultural taxation until land surveys were completed and local boundary disputes settled. Zionists, however, believed that the work of surveying the land could be considerably accelerated, and that in the meantime other steps should be taken to redistribute the burden of taxation.

#### **EDUCATION**

Jews complained not only that the authorities were placing unnecessary burdens upon their agricultural settlements, but also that the Jewish community was being forced to bear a disproportionate responsibility for raising the general standard of living and of civilization in Palestine. Especially in the spheres of education and public health did they believe this to be the case.

Toward the maintenance of Jewish schools the Palestine government gave a subsidy of about \$14,500 in 1925 and 1926—or about three per cent of its general educational budget. Zionists protested—since government schools were attended almost exclusively by Arab children—at having to pay taxes for the upkeep of government schools, unless a larger share of such taxes were to be returned to the Jews in the form of subsidies for their own schools. Under the present system Zionists asserted that the Jewish community was carrying a large share of

the government's own responsibility with respect to education.

It is to be noted, however, that the level of education among the children of Palestinian Arabs has been relatively low. In 1928 the number of pupils in government schools was 21,259. The number of pupils in Jewish schools was hardly 2,000 less. Yet the settled Arab population was five times as great as the Jewish population, and its school population should have been at least five times as great. In 1928, in spite of the Arab educational problem, the central government raised its subsidy to Jewish schools to \$97,000, which was acknowledged by the Zionist Executive to be "approximately the full share due . . . in proportion to the number of Jews in Palestine."59

#### PUBLIC HEALTH

The condition of public health in Palestine made it imperative for the Zionist Organization to undertake for the protection of the Jewish community the wide health activities already described (see p. 280). Jewish health services were both directly and indirectly advantageous to the Arab population. Yet for a number of years the British authorities gave practically no aid to the Jewish health services, but expended public funds instead on institutions patronized largely by Arabs.60 Here, as in the case of education, repeated requests for increased recognition of Jewish health work finally won a certain response. In 1928 the Palestine government gave a grant of \$38.800 toward the Hadassah hospital in Tel Aviv and raised the standard of general medical inspection.61 In this case, as in education, it appeared to be the policy of the government, however, to expend as large a proportion of its revenue as possible on the Arab majority which stood in greatest need of assistance.

## PROTECTION OF LIFE AND PROPERTY

A more bitter cause of Jewish complaint has been the lack of protection for Jewish

<sup>57.</sup> Report of the Joint Palestine Survey Commission, p. 65-66,

<sup>58.</sup> Permanent Mandates Commission, Minutes of the Ninth Session, 1926, p. 208.

<sup>59.</sup> Zionist Executive Report, 1929, p. 15.

<sup>60.</sup> Permanent Mandates Commission, Minutes of the Ninth Session, 1926, p. 209.

<sup>61.</sup> Zionist Executive Report, 1929, p. 13.

life and property in the face of the latent hostility of the Arab majority. At the time of the disturbances in 1920 and 1921 the Palestine administration did a little to meet Jewish demands for increased protection. It issued rifles to certain Jewish villages which could not be reached immediately in case of sudden attack:62 but this had not been considered enough. To provide against possible contingencies certain other Jewish groups smuggled arms into the country.63 Arabs believed a rumor that the government was arming Jews secretly and themselves clamored for arms.64 When tension eventually eased the British government withdrew the British and Indian infantry, cavalry and artillery units maintained in Palestine since the war. There remained in 1925 only one battalion of 450 British gendarmes, a regiment of cavalry, one squadron of airplanes and one company of armored cars. 65 There was, in addition, a native police force.

Later the gendarmerie was disbanded, the police force was augmented, and a Transjordan Frontier Force was created, only a small part of whose personnel was used in Palestine itself along the border between Palestine and Transjordan. Jews viewed with concern the tendency to keep Jewish members of the police force down to a proportion strictly in keeping with the size of the Jewish population of Palestine. With practically no British troops in the country, they were uneasy over the possibility of attacks with which the Jewish police would be unable to cope. In the Palestine Police Force in 1928, out of a total of 2.143 (all ranks), only 321 were Jews, while 1,293 were Moslem and 471 Christian Arabs. Again, twenty-six members of the Transjordan Frontier Force were Jewish, while 89 were Christian and 340 Moslem.

Under Lord Plumer's administration<sup>56</sup> no serious outbreaks occurred and the question of Jewish defense did not become acute. But with the attacks and bloodshed which occurred under the administration of Sir John Chancellor, the demand for adequate protection of Jewish life and property became more vigorous than ever before.

#### THE RELIGIOUS CONFLICT

A final conflict between Jews and Arabs in Palestine centred about Jewish and Moslem holy places in Jerusalem, whose juxtaposition had been a source of difficulty even before the British mandate was established.

What is believed to be a remnant of Solomon's Temple is today incorporated in one of the walls of an enclosure within which stands a Moslem shrine—the Dome of the Rock—sacred because it is reputed to be the spot visited by the Prophet Mohammed during a miraculous visit to Jerusalem. Although the so-called Wailing Wall and a considerable area around it have for centuries been Moslem (Wakf) property, 67

Jews were permitted under the Turkish régime to perform their devotions before it. The Turkish authorities, however, did not wish the Jews to acquire any prescriptive right to the area. Thus they objected when Jews introduced benches or chairs for the use of worshippers and are said to have ruled in 1912 that no screens should be brought to the pavement.<sup>58</sup>

Under the British régime in Palestine, Moslems have been particularly watchful to see that there shall be no diminution of Moslem property rights with respect to this area and have not been willing to rely passively on the guarantees for the integrity of Moslem shrines contained in Article 13 of the mandate.

## THE YOM KIPPUR INCIDENT, 1928

On September 24, 1928 the insistence of Arabs in this respect led to an incident which greatly roused Jewish communities throughout Palestine and abroad. During

<sup>62.</sup> The rifles were under lock and key and entrusted to responsible persons.

<sup>63.</sup> Permanent Mandates Commission, Minutes of the Fifth Session, 1924, p. 98.

<sup>64.</sup> Great Britain. Colonial Office, Report of the Commission of Inquiry, October 1921, p. 53.

<sup>65.</sup> Great Britain. Colonial Office, Report of the High Commissioner on the Administration of Palestine, 1920-1925, p. 5.

<sup>66. 1925-1928.</sup> 

<sup>67.</sup> Wakf property consists largely of pious bequests administered by Moslem authorities in accordance with the terms of the former owner's will. In some cases rents from Wakf property are used entirely for the upkeep of religious foundations; in others they are divided with the descendants of the former owner of the property.

<sup>68.</sup> Permanent Mandates Commission, Minutes of the Four-teenth Session, 1928, p. 251.

the most solemn part of the ritual at the Wailing Wall on the Jewish Day of Atonement, police broke through the crowd on the instructions of a British official and forcibly removed a temporary screen erected to separate the sexes in accordance with an orthodox Jewish custom, discontinued during the Turkish régime owing to official opposition. The sudden disturbance created a painful impression, not only upon the worshippers but upon the Jewish community in general. Although the police had notified the beadle in charge on the day before the incident that the screen would have to be removed, and although the beadle had failed to carry out his promise to remove it, Jewish authorities held that aggressive action at such a place and on such a day was inexcusable, especially since the British district authorities had given no previous notification to any responsible Jewish authority that the screen would not be permitted The Palestine administration to remain. issued a communiqué stating that the removal of the screen had been necessary, because in cases involving infractions of the status quo immediate action was imperative. It did, however, state that it regretted "all the circumstances attending that removal."69

Under Article 13 of the mandate, as already seen, the British authorities are responsible for "preserving existing rights" in connection with the holy places. They must first determine and then maintain the status quo. Moslems have long been suspicious of the Jews, charging constant encroachments at the Wailing Wall. The Jews, on the other hand, have attempted to convince the High Commissioner that thirty or forty years ago they were allowed to bring benches to the wall. Moslems admitted that this might have been done during periods when the Wailing Wall was not attracting public notice. But they produced documentary evidence to show that the practice had actually been prohibited by the Turks: the Jews hitherto have produced no documentary evidence of formal permission from the Turks to utilize benches at the Wailing Wall.70

## SUBSEQUENT AGITATION

Further offense to Jews grew out of the fact that an official permit was granted the Moslems in 1928 to conduct building operations on that part of their property which is within the enclosure beyond the Wailing Wall. Jews protested against the alterations, being of the opinion that they constituted an infringement of the status quo. The alterations consisted of the erection of (1) a building which rose above the wall within the enclosure, and commanded a view of Jewish worshippers outside the wall. and (2) a doorway cut in a further section of the wall surrounding the mosque enclosure, whereby Moslems emerging from the Mosques of Omar or El Aksa might readily reach the Wailing Wall itself.

Seeing before him nothing but a long series of disputes unless some decisive action was taken in the matter, the High Commissioner, Sir John Chancellor, approached both parties in 1928 with the suggestion that the Wailing Wall area be sold to the Jews. The latter welcomed the suggestion, but it was not accepted by the Moslem leaders. Fear lest the 1924 expropriation ordinance might be applied to the Wailing Wall led Arab nationalists to bring the subject to the attention of the League Council in December 1928. The British government. however, assured the Secretary-General of the League in a letter dated June 8, 1929 that in view of the provisions of Article 13 of the Palestine mandate there could be no question of the compulsory expropriation of any holy place.71

## THE 1929 OUTBREAK

Both Jewish and Arab communities in Palestine found in the Wailing Wall issue a symbol of their hitherto unreconciled ambitions with respect to the future of Palestine itself. Interest in the Wailing Wall question spread far beyond the borders of Palestine among both Moslem and Jewish communities. It no longer represented a purely religious issue; it now stood for po-

<sup>69.</sup> Permanent Mandates Commission. Minutes of the Fourteenth Session, 1928, p. 253; Great Britain. Colonial Office, The Western or Woiling Wall in Jerusalem, Cmd. 3229.

<sup>70.</sup> Permanent Mandates Commission, Minutes of the Fifteenth Session, 1923, p. 94.

<sup>71.</sup> Permanent Mandates Commission, Minutes of the Fifteenth Session, 1929, p. 253.

litical and religious issues as well. In both Jewish and Moslem communities, that is to say, individuals who were not usually concerned about the welfare of either shrine now became intensely interested in their fate because of the agitation carried on with respect to the matter.

In face of the growing tension, the High Commissioner asked both Moslem and Jewish leaders for guarantees of moderation in press discussions of the subject.72 Matters came to a head in mid-August, however, during the absence from Palestine not only of the High Commissioner, but also of the members of the Palestine Zionist Executive. who had gone to Switzerland for the Zionist Congress and the subsequent meeting of the Council of the Jewish Agency. It so happened that the Jewish day of lamentation for the destruction of the temple fell on August 15 this year and that the following day, August 16, was the eve of the Prophet Mohammed's birthday. These two religious anniversaries brought to Jerusalem great numbers both of Jews and Moslems as in previous years. But this year, owing to the heated discussions of the Wailing Wall question which had taken place during the preceding eleven months, a spirit of hostility was abroad.

Moreover, the knowledge that Zionists had just succeeded in winning the support of non-Zionists for the work of the Jewish Agency led Arabs to feel that a new vigor had been imparted to the Jewish national home experiment, and that in consequence new intensity would characterize the Arab-Jewish conflict in future. When tens of thousands of Jews and Moslems converged upon the same small locality in Jerusalem within twenty-four hours of each other, rioting occurred, mutual hostility increased, and a week later there came the violent attacks throughout the country, involving in some cases the lives of non-combatants, which had to be met by the intervention of British military forces.

One of the consequences of the recent disorders has been a stiffening of the attitude of both Jews and Arabs with respect to the demands each group has been making of the British authorities. The discussions which will soon take place will thus be concerned not primarily with the Wailing Wall issue, which merely precipitated the disturbances, but with the more fundamental causes of conflict in Palestine.

#### CONCLUSION

The religious, economic and political conflicts briefly reviewed in the foregoing pages indicate only some of the difficulties which have arisen out of the modern experiment of creating in Palestine a national home for the Jews. There are many others. At the heart of all of them are the opposing forces of two distinct nationalisms. To the Jews Palestine is still Eretz Israel, the "land of Israel." The Arabic-speaking inhabitants, to whom it is known as Falastin (Philistia), resent the implication of the Hebrew phrase used in official Jewish documents. They do not acquiesce in the doctrine that a country which they are accustomed to think of as being their own should suddenly be called Eretz Israel without their consent, simply because it has pleased other nations to set up in it a Jewish national home. Jews and Arabs both entered Palestine by right of conquest and to that extent Arabs are will-

ing to acknowledge that claims of Jews to the country were formerly as valid as their own are now. But the Arabs point out that their own possession of the country since the seventh century gives them rights today which the Jews scattered abroad do not possess. These time-honored rights, they believe, although given partial recognition in Article 22 of the League Covenant, have been disregarded and infringed upon by the post-war settlement in the Near East.

If Arabs claim the right of self-determination in Palestine on the ground of their present possession of the country, Jews put forward claims to special rights on the basis of the clear commitments of various nations to support the establishment of a Jewish national home in Palestine. The long history of Jewish persecution in Europe has strengthened the traditional desire of the Jews for a return to the early home of the race. It has also done much to win for their project the support of governments which might have been indifferent to their ambitions had the position of Jews in Europe been more secure. With the backing of the League of Nations, therefore, and with the definite commitments of Great Britain and the United States giving them considerable practical encouragement, Zionists feel that their claims are internationally established beyond the shadow of a doubt. Arabs retort that Great Britain's commitments to themselves, although they may have conflicted with the Balfour declaration were equally clear and ought to have been fulfilled. The reply of the Jews is an appeal to fact: Great Britain has decided to stand by the Balfour declaration. Arab expectations, if they were justified at all by British undertakings, have received the practical support neither of the British government nor of other nations, in contrast to the Balfour declaration which has received such support. The Arabs, they are inclined to think, must accommodate themselves to a fait accompli.

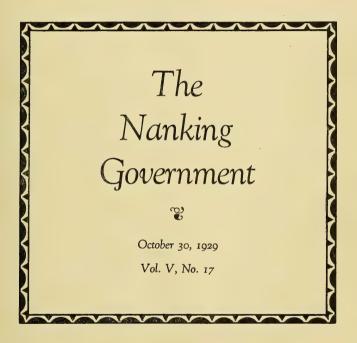
Politically informed Arabs have often maintained the thesis that injustice has been done to Palestine by the League of Nations: that advantage has been taken of the temporary helplessness of the country to foist upon it a distasteful experiment; that in spite of the fact that Palestine is grouped with the other Class A mandates, the League of Nations has allowed the mandatory power to maintain a colonial form of government in the country for the sole purpose of carrying out the aforesaid experiment; that a powerful international organization has been allowed to promote the interests of the Jews in Palestine regardless of Arab interests, while Arabs are being deprived of the right to establish representative government until such time as the Jewish minority shall have increased its numbers sufficiently to be able to carry out Jewish policies in any legislature which may subsequently formed; that in this sense the mandatory power has been administering the country on behalf of an absent and merely potential population rather than on behalf of its present and actual population. The division and subdivision of the Arabic-speaking territories of the Near East have retarded their economic recovery. The post-war settlement, they believe, is based on injustice and calls for radical alteration.

To Jews the question has become one of financing and protecting the work of Jewish settlement in Palestine. The chief financial burden falls on the Jews of the United States: the military responsibility devolves chiefly upon Great Britain. It is the aim of Zionism to reduce this double burden as rapidly as possible—to place Jewish settlements on a self-supporting basis on the one hand and on the other to obviate the necessity for strong military protection by demonstrating to the Arabs the economic and other gains which may be expected to come to them as the result of the Jewish influx. Already, they believe, Arabs have begun to realize that their best interests are bound up with the rapid development of the country which Zionists are trying to effect; that the raising of the standard of living will transform life for the ordinary agricultural workers, or fellahin, and that improved sanitation and medical service will eliminate a great deal of the present wastage of human life among the Arabs.

Great Britain's assumption of responsibility in Palestine and its support of the Jewish national home project are partly matters of prestige, and partly motivated by a desire for economic advantage. More important than either of these considerations, however, is the necessity, from the British viewpoint, of controlling the most direct lines of communication with India and the East. The Palestine-Transjordan-Iraq route is one which Great Britain has long desired to control. The Balfour declaration was based on many considerations; but one of the chief of them was the belief that a friendly Jewish population in Palestine would be one of the best possible guarantees of continued British control in Palestine, which at once flanks the Suez Canal and guards the approach to the more direct route to India. Apparently it is Great Britain's intention to continue its attempt to find some means of reconciling diverse interests in Palestine. A declaration of policy is to be expected shortly, when the causes for the recent outbreaks have been determined. With this declaration of policy another phase of Palestine's post-war development will presumably be reached.

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# THE NANKING GOVERNMENT

by

# T. A. BISSON

with the aid of the Research Staff of the Foreign Policy Association

#### INTRODUCTION

PRISINGS against the increasing authority of Chiang Kai-shek, the leader of the Nanking government, have brought renewed warfare to China within recent weeks. The first outbreak, occurring in late September along the upper Yangtze, was led by General Chang Fa-kuei, commander of the famous "Ironsides" division. The revolt became serious when in mid-October the large forces of Feng Yü-hsiang, once known as the Christian General, also took the field against Chiang Kai-shek. In both cases the outbreaks resulted from the definite steps at troop reduction taken during September under the Nanking government's demobilization program.

General Chang Fa-Kuei is a supporter of the left wing of the Kuomintang, and his revolt must be understood in the light of the unyielding opposition of the radical leaders to the right-wing faction led by Chiang Kai-shek. The Kuomintang left wing includes a number of prominent Chinese intellectuals, among whom Wang Chingwei and Ch'en Kung-po are especially important, but it possesses little military power. It has been excluded from the Nanking government, and most of its leaders have had to flee from China. Nevertheless, its strength is pronounced in the many local Kuomintang organizations throughout China, and the students support it almost to a man. It stands for increased benefits

to the Chinese workers and peasants, rather than to the commercial bourgeoisie on whom the right wing relies. Like the right wing, it has completely broken off Russian affiliations; and it is thus a purely Chinese opposition party.

The "Ironsides" division under Chang Fa-kuei has been attempting to cut its way down through Hunan province into Kwangsi province, with the object of effecting a union there with other forces opposed to Chiang Kai-shek. If Chang Fa-kuei should gain control of Kwangsi and Kwangtung provinces, the left wing would be able to set up an opposition régime at Canton. The leftwing leaders, who now call themselves the "Reorganizationists," issued a long manifesto on September 26. This document attacks Chiang Kai-shek for his military dictatorship, and charges the Nanking government with misuse of public funds, favoritism in official appointments, wasteful extravagance, illegal executions and property confiscations, and other abuses. It calls upon the Chinese people to restore a genuine democracy within the Kuomintang.

This manifesto meant little so long as the one division of Chang Fa-kuei was its single military support. But Feng Yü-hsiang's forces were also facing reduction under the Nanking government's demobilization program, and suddenly in mid-October they were set in motion against Chiang Kai-shek.

At once other disaffected generals, who had been smarting under the reduction of their troops, turned against Chiang Kai-shek. and the government was faced with a widespread revolt. The chief struggle, however. lies between Chiang Kai-shek and Feng Yü-hsiang, who control the largest armies in China. At present the Kuominchün, or People's Army, as the troops of Feng Yü-hsiang are called, are advancing south through Honan province, hoping to wrest Hankow from the control of Chiang Kaishek. The larger part of Honan province has already fallen to the Kuominchün, and the decisive fighting will probably take place somewhere along the Honan-Hupeh border. Yen Hsi-shan's attitude is still doubtfulhis Shansi troops hold the balance of power. and can swing the victory either to Feng Yü-hsiang or Chiang Kai-shek.

Circumstances have forced the Kuomintang left wing and Feng Yü-hsiang into a quasi-cooperation, although Feng has not been a left-wing adherent. The left wing needs the support of Feng's military power, while Feng needs the left-wing intellectuals to supply a personnel adequate to run a government. Whether if Chiang Kai-shek should be defeated Feng Yü-hsiang would associate the left wing with him in the establishment of a new government is open to question. If Chiang Kai-shek should win. the Nanking government would be in a position to enforce upon China the centralized régime toward which it has been working since its formal inauguration a year ago.

# THE YEAR'S ADVANCES

The setting up of China's National Government at Nanking on October 10, 1928 by the Kuomintang, or Nationalist Party, signalized the completion of the military stage of the nationalist revolution and the ushering in of the educative stage under party tutelage. During the period of party tutelage the revolutionary autocracy now in control of the Nanking government is pledged to train the people in the exercise of their four powers of election, initiative, referendum and recall. The date 1935 has been set for the beginning of the final stage of true constitutional government, but it is

still too early to determine whether the group now in control at Nanking will at that time be willing or able to abdicate its party dictatorship. In any case it will be long after 1935 before any considerable proportion of China's population will be sufficiently literate to exercise their constitutional rights.

China's internal problems during the past year have revolved around the need of establishing a centralized government powerful enough to overcome a strongly entrenched sectionalism. The achievement of this aim requires the disbandment of the surplus troops of China's sectional leaders, and the reorganization of a national army administered by the central government. Attempts to enforce this program have caused several crises. The first resulted in the elimination of the Kwangsi faction centring at Wuhan and Canton, and the bringing of the greater part of south China under control of the central government. The present crisis with Feng Yü-hsiang originally developed in the spring of 1929, but the actual clash that is now taking place was postponed by an eleventh-hour compromise in July.

The Nanking government has made much greater progress in strengthening its international status than in solving its domestic difficulties. Twelve treaties negotiated by the National Government in the closing months of 1928 marked its definite recognition by the chief foreign powers. These treaties resulted in China's winning the longsought goal of tariff autonomy. The new tariff schedule went into effect on February One portion of the increased revenues resulting from it has gone into a sinking fund for the eventual readjustment of China's financial obligations; another portion has been used for reconstruction purposes, especially railway rehabilitation and other public works. The Nanking government is pressing the powers to relinquish their extraterritorial rights and allow Chinese courts to assume jurisdiction over foreigners in China on January 1, 1930. There is a close parallel between the current developments in this situation and those which took place at this time last year when China was attempting to achieve tariff autonomy. OCTOBER 30, 1929 · 297

## THE RE-UNIFICATION OF CHINA BY THE NATIONALISTS1

The Nationalist military campaign for the re-unification of China was launched from Canton on July 9, 1926. It was virtually consummated two years later on June 8, 1928, when the Nationalist forces entered Peking. The task of re-unification was fully rounded out in the early months of 1929 by diplomatic victories resulting in the winning of Manchuria to the Nationalist cause, and in the ejection of Japanese forces from Shantung province.

At the beginning of the Nationalist campaign in the summer of 1926 there were six or more centres of authority in China. The Peking government was dominated by a coalition of Chang Tso-lin, the Manchurian overlord, and Wu P'ei-fu, master of the central China provinces around Hankow. The forces of the so-called Christian general. Feng Yü-hsiang, occupied the region northwest of Peking. Yen Hsi-shan, known as the "model governor" for his excellent administration, ruled over the province of Shansi. Chang Tsung-ch'ang governed the province of Shantung. Sun Ch'uan-fang controlled the five coastal provinces around Shanghai. The Nationalists occupied the provinces of Kwangsi and Kwangtung in the extreme south.

The problem of Chiang Kai-shek, Commander-in-Chief of the Nationalist armies at Canton, was to cut through the forces of Wu P'ei-fu and Sun Ch'uan-fang in central China in order to effect a junction with the Nationalist supporters, Feng Yü-hsiang and Yen Hsi-shan, in the northwest.

Chiang Kai-shek's Nationalist forces set out from Canton on July 9, 1926. The early part of the campaign was a series of rapid successes. By October 1926 the Hankow region on the middle Yangtze had come under Nationalist control, and Wu P'ei-fu had been eliminated. The scene of action next shifted to the coastal provinces south of Shanghai, where the Nationalists encountered the resistance of Sun Ch'uan-fang. Repeated Nationalist successes forced Sun Ch'uan-fang to accept the assistance of his former foes—the Shantung governor, Chang Tsung-ch'ang, and the Manchurian overlord, Chang Tso-lin. Even with their help he was

1. Cf. F. P. A. Information Service, "The Rise of the Kuomintang," Vol. IV, No. 8; especially Annex I, "Who's Who in China."

unable to stem the Nationalist tide, and late in March 1927 the Nationalists captured both Shanghai and Nanking.

Dissensions within the Kuomintang prevented the Nationalists from pressing their advantage at this time, and the last phase of their military campaign was delayed for a full year. In April 1928, however, the struggle was resumed in the province of Shantung, and by early June the Nationalists had captured Peking and caused the withdrawal of Chang Tso-lin and his son. Chang Hsüeh-liang, into Manchuria with the bulk of the Manchurian forces. In this offensive the Nationalist allies. Yen Hsishan and Feng Yü-hsiang, cooperated on the west along the Peking-Hankow railway, and it was the advance-guard of Yen Hsi-shan's Shansi troops that first entered Peking on June 8. Meanwhile, Chiang Kai-shek's forces had occupied Tsinan, the capital of Shantung, early in May. But here a section of his army clashed with the Japanese troops which had intervened to protect the numerous Japanese residents in the area. This so-called "Tsinan Incident," occurring May 3 to 10, caused Chiang Kai-shek to call his forces back south of Tsinan, and so prevented him from entering Peking with his allies, Yen Hsi-shan and Feng Yü-hsiang. in June.

By June 14 the Peking-Tientsin area was definitely under Nationalist control. During the summer, the remnants of the army of Chang Tsung-ch'ang, the ousted Shantung governor, caused considerable trouble in northeast Chihli province, where they were finally crushed late in September. Chang Tsung-ch'ang, however, slipped out of the Nationalist clutches, escaping on a Chinese iunk to Port Arthur.

# THE WINNING OF MANCHURIA

When the Nationalists first occupied Peking and Tientsin in June 1928, they had intended to push their military campaign up into Manchuria against the retreating Northern forces. Two causes induced the Nationalist leaders to change to a policy of diplomacy in the winning of Manchuria. The first was fear of complications with the Japanese troops who were guarding the

large Japanese interests in that area.<sup>2</sup> The second was a turnover, favorable to the Kuomintang, within the ranks of the Manchurian leaders. The diplomatic negotiations between the Nationalist and Manchurian leaders were long drawn out, but late in December they resulted in Manchuria's acknowledgement of the suzerainty of the Nanking government.

The death of Chang Tso-lin in June disrupted the reactionary Old Guard within the ranks of the Manchurian leaders, and caused control to pass into the hands of the progressive faction headed by Chang Tso-lin's son, Chang Hsüeh-liang. On July 3 Chang Hsüeh-liang became "Commander-in-Chief" of Manchuria, and immediately instituted negotiations with the Nationalist leaders for the establishment of peaceful relations. Progress in the negotiations was delayed by the Japanese Consul-General in Mukden. Mr. K. Hayashi,3 who warned Chang Hsüehliang against joining hands with the Nationalists. Wide publicity was given to this Japanese "warning," which aroused a large body of adverse comment. Public opinion coupled it with the Japanese memorandum of May 18 as renewed evidence that Japan harbored aggressive intentions with respect to Manchuria. Tokyo promptly denied that Baron Hayashi had spoken officially for the Japanese government, and later stated that his words had been tendered merely as "advice."

Early in October negotiations between Nanking and Mukden were so far successful that the formal establishment of a unified central government was finally achieved. The new government was inaugurated October 10, 1928. The Nationalist Commander-in-Chief, Chiang Kai-shek, became chairman of the State Council, the supreme governing body. Chang Hsüeh-liang was included among the sixteen members of the State Council.

What the Chinese Foreign Minister, C. T. Wang, termed the most significant political event in the Far East in recent times took place on December 29, 1928, when the Manchurian leaders brought their territory for-

mally under the jurisdiction of the National Government at Nanking. The formal appointment of the Manchurian officials announced by Nanking on January 1, 1929 merely confirmed the existing status: Chang Hsüeh-liang being "named" Commander-in-Chief of the northeastern frontier defense, and the acting governors of the three Manchurian provinces and Jehol being "appointed" to the chairmanships of these provincial governments.

The most decided gain to China by this agreement was the National Government's assumption of control over Manchuria's foreign relations, thus removing the danger of foreign manipulation of the local Manchurian leaders for unscrupulous purposes. On the other hand, it was quite clear that the Manchurian authorities would jealously resist any attempt of the Nanking government to assert its control over the internal affairs of the Manchurian provinces.

# THE REGAINING OF SHANTUNG

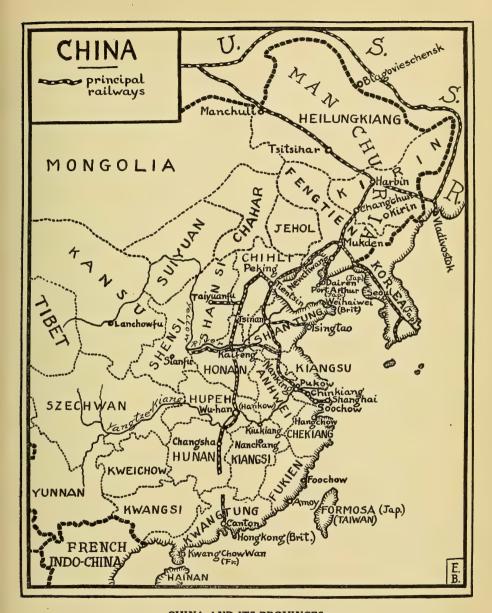
Reference has already been made to the Japanese intervention in Shantung, and the resulting Tsinan Incident of May 3 to 10, 1928.4 In the course of the incident, the Japanese General Fukuda proclaimed and enforced a neutralization of the Tsingtao-Tsinan railway zone that lasted for a full year, until May 20, 1929. The practical effect of this action was to establish a Japanese corridor through the heart of Shantung, fifteen miles wide and 240 miles long, within which Chinese troops were forbidden to operate. The Nationalist forces were also prevented from utilizing the northto-south line of the Tientsin-Pukow railway, which was blocked by the Japanese control of Tsinan.

The resulting difficulties of communication within Shantung delayed effective military control of the province by the Nationalists for the full period of Japanese occupation. Northeastern Shantung, especially around Chefoo, was long the prey of pseudo-Nationalists and remnant Northern bands. In February these forces were joined by Chang Tsung-ch'ang, the former Shantung governor, who returned with 250 bodyguards on

<sup>2.</sup> In a memorandum dated May 18, 1928, the Japanese government had issued a warning that if war spread to Mantchuria it might be constrained to take steps for the maintenance of peace and order in that region. Cf. F. P. A. Information Service, Vol. IV, No. 8, cited, p. 183-84.

<sup>3.</sup> The special envoy, Baron Gonsuke Hayashi, repeated the warning. Cf. Pacific Affairs, December 1928, p. 4.

<sup>4.</sup> Cf. p. 297. The most serious episodes were a clash between the Chinese and Japanese troops resulting in large casualties, the bombardment of specified areas of Tsinan by the Japanese, and numerous outrages reported by both sides. For further details cf. F. P. A. Information Service, Vol. IV, No. 8, cited, p. 182-38.



CHINA AND ITS PROVINCES

a Japanese steamer he had chartered and stocked with military supplies in Dairen. Chang Tsung-ch'ang's preliminary successes near Chefoo aroused effective Nationalist resistance that resulted in his complete defeat. But once again he escaped capture by the Nationalists, slipping out of Chefoo on April 22, 1929, with a facility equal to that of his escape from Chihli province the previous September.

The bitter resentment of the Chinese people over the long-continued Japanese occupation of Shantung found expression in a general economic boycott of Japanese goods that started slowly during the summer of 1928 but grew steadily more effective in the course of the fall and winter. When Japanese goods began to pile up in the warehouses of China's port cities as a result of the boycott. Tokyo was stimulated to initiate preliminary negotiations on October 19 for a settlement of the Tsinan Incident and other Sino-Japanese difficulties. Formal negotiations between Mr. Yoshizawa, the Japanese Minister, and Dr. C. T. Wang opened on January 25, and an agreement settling the Tsinan Incident was finally initialed on March 28, 1929.5 In brief it called for (1) the withdrawal of the Japanese troops from Shantung not later than two months from the date of signature, (2) a Sino-Japanese commission to investigate and adjudge the losses sustained by both countries, and (3) a statement of mutual regret for the incident.

The Japanese carried out their part of the bargain with scrupulous exactness. They were ready to get out early in May, but delayed their departure at the request of the Chinese. Their last troops finally left one full week before the date set in the agreement; i. e., on May 20 instead of May 28. The Chinese found it more difficult to fulfill their unofficial agreement to put a stop to the anti-Japanese boycott, which lasted through the summer months of 1929 despite government attempts to end it.

The diplomatic settlement of the Tsinan Incident necessarily left many of its graver consequences untouched. Japan could ill afford the expense involved in the dispatch of her troops to Shantung, the total for which has been put at not less than Y37,-400,000 (over \$15,000,000).7 Moreover, the boycott stimulated native Chinese manufactures-especially in cloth goods which Japan has long supplied China-to such an extent that Japanese trade will continue to suffer largely from its effects. Finally, China's feeling of helplessness in the face of Japanese aggression in Shantung confirmed recent Chinese tendencies toward militarization as already expressed in the Nationalist ruling that military training be compulsory in senior high schools and in the universities.

## THE NATIONALIST PARTY AND THE NATIONAL GOVERNMENT

The inaugural ceremony for the officials of the new National Government took place on October 10, 1928 at Nanking,<sup>8</sup> where Sun Yat-sen had acted as Provisional President for a short time in 1912. The National Government of the Republic of China was set up by the Nationalist Party, or Kuomintang, which also directs and supervises its administration. While the new government of China is thus a frank party dictatorship, the preamble to the Organic Law<sup>9</sup> states that this "educative stage" is preparatory to a constitutional government in which political power is to be restored to the people. A resolution of the Central Executive Com-

The Nationalist Party and the National Government are welded into a single governing force by virtue of a series of interlocking congresses, councils, and committees. In this respect it closely follows the interlocking party and government system in Soviet Russia. In the Nationalist Party the biennial Congress elects the supreme controlling body known as the Central Executive Com-

mittee of the Nationalist Party, adopted when the new basic law was approved, further states that "the people shall be gradually trained to exercise their four political rights, namely: election, recall, initiative, and referendum." A party manifesto issued by the same body on June 18, 1929, set 1935 as the date when the period of "political tutelage" is to be brought to an end. 10

For text of agreement cf. The China Weekly Review, April 6, 1929, p. 227.
 Cf. p. 306.
 Cf. analysis of the cost of Japanese occupation in The

Cf. analysis of the cost of Japanese occupation in The Week in China, May 18, 1929, p. 379-84.
 Cf. p. 298.

Promulgated and made effective October 4, 1928. For text
 The China Weekly Review, October 13, 1928, p. 224-25.

<sup>10.</sup> For text of manifesto cf. The Week in China, June 22, 1929, p. 499-500. For discussion of the dictatorship cf. p. 303.

mittee, which delegates large powers to the Central Political Council. In the National Government the active directing body is the Central State Council, assisted by the Central Military Council and the Central Research Council. From the State Council are chosen the heads of the five Yuan, or Boards: Executive, Legislative, Judicial, Examination, and Control. The various government Ministries are in the Executive Yuan. This scheme may be plotted in order of descending authority as follows:

# RELATION OF THE NATIONALIST PARTY TO THE NATIONAL GOVERNMENT

	Governing Bodies	Cooperating Bodies
Nationalist Party	<ol> <li>National Congress</li> <li>Central Executive Committee</li> <li>Central Political Council</li> </ol>	Central Supervisory Council
National Government	4. Central State Council— The five Yuan— Executive (Ministries) Legislative Judicial Examination Control	Central Military Council Central Research Council

The composition and operation of these various party and governmental organs may be briefly outlined as follows:<sup>11</sup>

#### THE NATIONALIST PARTY

1. The National Congress is the supreme Kuomintang body. It meets once every two years and is composed of delegates elected biennially by the party members in the provincial, special, and overseas districts. It elects the members of the Central Executive Committee.

2. The Central Executive Committee is composed of thirty-six members, who meet once every three months and elect from among their number a Standing Committee of from five to nine members. This Standing Committee is supreme during the intervals between meetings of the Congress and Executive Committee.

3. The Central Political Council is composed of from 49 to 99 members, including all members of the Central Executive Committee and of the Central State Council. It performs much of the administrative work of the Nationalist Party, subject always to review by the Central Executive Committee.

4. The Central Supervisory Council supervises all matters pertaining to the organization of the Nationalist Party submitted to it by the Central Executive Committee.

#### THE NATIONAL GOVERNMENT

1. The Central State Council is composed of from twelve to sixteen members appointed by the Central Executive Committee. The chairman is President of the National Government and Commander-in-Chief of the Army and Navy. This body coordinates the work of the five Yuan and promulgates all laws.

2. Through the Central Military Council in time of war the Chairman of the State Council, as Commander-in-Chief, exercises direct control

11. China Weekly Review, December 15, 1928; also China Monthly Trade Report (U. S. Department of Commerce), November 1928.

over the military, naval, and air forces. In time of peace military and naval affairs are administered by the Minister of War.

3. The Central Research Council is the highest organ for academic and scientific research in the Republic of China, and is directly responsible to the National Government. It is composed of fourteen bureaus, and is presided over by a director specially appointed by the National Government.

It is clear that the Nationalist Party is in effective control of the National Government. The government, in fact, even in its legislative branch, is essentially administra-The Legislative Yuan exists principally to give technical form to the will of the real sovereign-the Central Executive Committee. In practice, since the Central Executive Committee meets in plenary session but four times a year, a small oligarchy of from five to nine men, comprising the Standing Committee, exercises the actual authority.12 The inclusive membership of the Central Political Council makes it the common meeting ground of the government (State Council) and the party (Central Executive Committee), and all questions of government or program are threshed out at these common meetings. But the final decisions rest with the Central Executive Committee alone.

## THE STATE COUNCIL<sup>13</sup>

The State Council with its five Yuan constitutes the National Government, which exercises "all the governing powers of the

<sup>12.</sup> Among others the Standing Committee includes Chiang Kai-shek, Hu Han-min, Wang Ch'ung-hui, T'an Yen-k'ai and Sun Fo.

<sup>13.</sup> Cf. The Week in China, November 10, 1928, p. 7-13.

Republic of China." The heads of the Yuan are appointed by the Central Political Council from among the State Councillors.

The Nationalist Party exercises its most effective influence on the government in matters of legislation, since every bill must be submitted for approval to the superior party organs before enactment. Each Yuan may introduce bills into the Legislative Yuan on matters which pertain to its respective branch. When passed by the Legislative Yuan, the bills are sent to the State Council They are then sent for consideration. through the Political Council to the Executive Committee, or vice versa. After being passed by the Political Council and Executive Committee they are returned to the State Council for promulgation.

Each of the five Yuan is the highest organ of the National Government in its respective sphere. The Executive Yuan establishes the ministries and appoints the commissions necessary to conduct the administrative work of the government. The Legislative Yuan decides on legislation, budgets, amnesties, important international affairs, and matters submitted to it by the other four Yuan. The Judicial Yuan takes charge of judicial trials,14 judicial administration, disciplinary punishment of officials, and trial of administrative cases. The Examination Yuan administers civil service examinations, and determines qualifications for public service. The Control Yuan exercises the powers of impeachment and auditing.

# THE CONFERENCES15

In addition to the foregoing, three Conferences-National, Government and Administrative—play a decisive part in the determination of important matters of State policy, in oiling the machinery of administration, and adjusting differences between the Yuan or solving problems that one or more Yuan have been unable to meet successfully.

The National Conference, meeting once every three months, is composed of the members of the Central Executive Committee and the Central Supervisory Council. At its sessions all the large questions of party policy, national government, internal reconstruction and foreign relations are deter-This conference is identical with the Plenary Session of the Central Executive Committee, and is usually so termed.

The Government Conference is composed of the Central State Council, the chairmen of the five Yuan, and other members elected by the National Conference. The president of the State Council acts as chairman. The Government Conference acts to harmonize the broader phases of the work of the government by keeping it in touch with the guiding principles laid down by the National Conference.

The Administrative Conference is composed of the chairmen and vice-chairmen of the Yuan, the ten Ministers of State, and the heads of the Executive Commissions. It promotes cooperation and a general understanding on administrative work and problems among the different Yuan, ministries. commissions and departments.

## FORMATIVE INFLUENCES BEHIND THE NEW GOVERNMENT16

Dr. Edward S. Corwin, Professor of Jurisprudence at Princeton University, in a recent address at Shanghai, described the new Organic Law and the National Government at Nanking as

"... an endeavor to give legal force and sanction to a revolutionary autocracy which is collegiate in form and which is qualified by a pledge to pave the way in China by a process of education for a truly democratic régime. The real power back of the instrument is the leadership of the Kuomintang and that of the military elements which train under its banners. latter are still imperfectly assimilated to the former, but are indispensable to them. This twofold leadership, the chief figures of which are well known, appears in several guises. Standing in the place of the Kuomintang itself, at any rate in intervals between various party assemblies, is the Central Executive Committee, From this body in turn emanates the Central Political Council, which appears to be the active directing agency of the new régime outside the Organic Law, but whose decisions on important matters are taken ad referendum to the other body. Finally, under the Organic Law and the highest authority known to it, is the State Council, which

<sup>14.</sup> By an order of the Central Political Council on November 8, 1928, the name of the department of judicial trials was changed to "the Supreme Court."

15. European Economic and Political Survey, Vol. IV, Nos. 1-12; also China Monthly Trade Report (U. S. Department

of Commerce), November 1928.

<sup>16.</sup> Cf. especially article by Dr. Corwin, "Some Observa-tions on the Organic Law," China Tomorrow, December 20, 1928.

is provided for in the new instrument. The military-political leadership which is thus furnished with legal means of expression, it is the immediate purpose of the Organic Law to hold together as the essential condition of its retaining the governing power of China. The Organic Law has, then, a two-fold character: firstly, that of a treaty, or modus vivendi, among more or less competitive groups; secondly, that of a trial constitution or form of government. Confirmatory of its former character are: firstly, its omission of any reference to the ultimate authority of the People; secondly, other notable omissions as for example, of any stipulations regarding the length of official terms, of any provision regarding the relation of the executive to the legislative powers, of any provision regarding the relation of the central to the local governments, of a bill of rights, etc.; thirdly, its conception of executive power as covering, so far as initiative is concerned, the entire field of government, but with especial emphasis upon the functions of war and diplomacy; and, finally, the elaborate procedure which it lays down for getting things done."17

# THE DICTATORSHIP

In its main outlines this Nationalist Party and National Government system duplicates the Communist party and Soviet government system in Russia, thus reflecting the influence upon its author, Sun Yat-sen, of his study of the Soviet system. The biennial Kuomintang Congress corresponds to the annual All-Union Congress, the Kuomintang Central Executive Committee to the Soviet Central Executive Committee, and the State Council to the Council of People's Commissars.

But the Soviet system has been worked out on a broader local elective basis than the Kuomintang. In Russia the local Soviets are directly elected by the people, whose representatives elect the various Congresses of Soviets, from which the All-Union Congress is chosen.18 In China the single elective feature of the new system is that of the biennial National Congress by the party members of the various districts, but even this safeguard has been recently voided by the "packing" of the Third National Congress of the Kuomintang by Chiang Kaishek's supporters. This usurpation of authority by the group at present in control of the Kuomintang machinery, which virtually makes it self-perpetuating, was sanctioned by an amendment to the original Kuomintang Constitution passed at the Third National Congress on March 27, 1929. By this amendment Article 29 is changed to read: "The organization of the National Convention, the election of delegates, and the quota of delegates from each locality shall be determined by the Central Executive Committee." 19

No higher appeal is available against the decisions of the Central Executive Committee, which is governed by the oligarchy represented in its Standing Committee. The decisions taken by this small group of from five to nine men remain outside and above the Organic Law, which, moreover, contains no bill of rights. In a widely read article published June 3, 1929, Dr. Hu Shih, the famous Chinese scholar included by John Dewey among the "six most intelligent men of the world," attacked the present régime on this issue, listing specific incidents of arbitrary acts of the government against person and property, and against the freedom of the press.20

The Chinese press has always been subject to an arbitrary government censorship, but this issue was even more acutely raised during the present year when the government proceeded to deny mailing privileges to such foreign newspapers as the North China Star, North China Daily News, Le Journal de Pekin and others, without preferring charges. The Chinese government further requested the United States to deport two American correspondents, George Sokolsky and Hallett Abend, charging them with libel and falsification of news. The accused newspapers and correspondents protested against the arbitrariness of the Chinese government's action, claiming that it should have proceeded against them by due process of law in the consular courts.21 The United States government supported this stand, and adopted a "hands-off" policy in the case of the correspondents. The proscriptions against the newspapers dragged on for varying periods of time, and were finally rescinded. On September 5 the Cen-

<sup>17.</sup> Reported in The China Weekly Review, February 9, 1929, p. 464.

<sup>18.</sup> H. N. Brailsford, How the Soviets Work, Chapter V.

<sup>19.</sup> Translated from the revised Kuomintang Constitution, 20. For Hu Shih's article cf. The Week in China, June 15, 1929, p. 477-83.

<sup>21.</sup> The newspapers and cable offices are in foreign settlements and so are not directly amenable to Chinese law. The Chinese government was naturally averse to instituting proceedings in the foreign consular courts, whose jurisdiction it is attempting to abolish.

tral Executive Committee passed a resolution that all the press censorships in various parts of the country should be immediately abolished.<sup>22</sup> This resolution also provided for the registration of daily newspapers with the publicity department of the local Kuomintang organizations. Registration may be withdrawn if a complaint of the local publicity department is adjudged well founded by the central publicity department.<sup>23</sup>

On the basis of the Kuomintang's present constitutional arrangements, the technical legality of the Central Executive Committee's acts, however arbitrary they may be, cannot be questioned. The party proposes to maintain the present status at least until 1935. The decisive test during these years will be how the Central Executive Committee uses the extraordinary powers it legally enjoys. To what extent will it guarantee the basic rights to security of life and property? To what extent will it associate varying and even opposing views in its party councils? To what extent will it carry out its avowed purpose of training the people in the exercise of their constitutional rights? Some indication of the insecurity

of life and property under the present régime has already been given, although this must be partly attributed to the aftermath of civil warfare and the central government's incomplete control of the country. On the second point, it is still a delicate problem as to how far the Kuomintang may admit opposing views without upsetting the continuity of its present constructive program. In the third case, several plans for the training of the people in their constitutional rights have been formulated by the Central Executive Committee. A start at carrying out these plans has already been made in some provinces, where schools for training prospective officials in the rudiments of economics and political science give six-month courses. Local officials are required to attend these schools and pass an examination before appointment. An even more important step in the evolution of a democratic government was formulated by the Legislative Yuan on September 3, 1929. The proposed law is to be known as the Village and Town Autonomy Enforcement Law. and is concerned with methods for developing democratically controlled village and town governments.24

#### THE GROUP STRUGGLE WITHIN THE CENTRAL GOVERNMENT<sup>25</sup>

The Organic Law and the National Government thereby set up represented a compromise pact among a half-dozen politicomilitary leaders, each supreme in his special sphere of influence. They were fairly unanimous with regard to the foreign policy to be pursued by the central government they had set up, but they were far from unanimous with regard to the extent of that government's authority in their own particular spheres of local influence. It is in this latter sphere rather than in its foreign relations that the stability of China's new government has been most severely tested. Several cases of serious defection occurring within the last eight months have seriously impeded the normal work of the central government.

# THE REGIONAL SATRAPIES

Among the six regional leaders at the time the new government was set up (October

23. Kuo Min News Agency Report, September 6, 1929, p. 4.

1928), Chiang Kai-shek occupied a strategic position. His military forces controlled the provinces of Kiangsu and Chekiang, lying on either side of the lower Yangtze River, and to these the neighboring provinces of Anhwei, Kiangsi, and Fukien were soon added. This district contained Nanking, the seat of the central government, in which Chiang Kai-shek was president of the State Council. Of the remaining five regional commanders, Chang Hsüeh-liang, controlling Manchuria, had just been appointed to the Central State Council, while each of the other four occupied some important position in the central government. These four leaders were Yen Hsi-shan (Shansi and Chihli), Feng Yü-hsiang (Honan, Shensi and Kansu), Li Tsung-jen (Hunan and Hupeh), and Li Chi-shen (Kwangsi and Kwangtung).

Of the six regional satrapies, Manchuria was most secure in its freedom from central control and therefore least involved in the

<sup>22.</sup> Government officials stated that in peace time the principle of no press censorship would rule, but that censorships might be imposed in disturbed districts or during emergencies.

<sup>24.</sup> The Leader (Peking), September 10, 1929, p. 8, 25. By the term "central government" is meant the interlocking party and government system at Nanking.

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political manoeuvring within China proper during the period under consideration. Chiang Kai-shek led the fight to increase the authority of the central government over its regional constituencies. The supporters of regional authority were chiefly Li Chi-shen and Li Tsung-jen, who with another Nationalist general, Pai Ch'ung-hsi, formed the so-called "Kwangsi faction." Yen Hsishan and Feng Yü-hsiang on the whole supported the movement toward centralization. The struggle was carried on for the most part within the councils and committees of the central government at Nanking, where representatives of each of these groups attempted to maintain the delicate equilibrium among their competing interests requisite for the continued functioning of the government.

#### LOCAL GOVERNMENT

In the sphere of provincial government these conditions gave rise to a web of competing authorities, nominal and actual. The ultimate basis of Chinese local government, the sway exercised by the gentry and clanelders of the village in economic and religious affairs, was never seriously affected by the revolution. The early hue and cry against the gentry-landlords subsided when, with the rise of the conservative Chiang Kai-shek, the majority of this class joined the Kuomintang. But the county and provincial governments, formerly controlled by the old militarists, were now turned upside down. Here the attempt was made to duplicate the combined party and government system in force at Nanking, but without the safeguard afforded by placing a single group of people in control of both New Provincial Governing directorates. . Committees were placed under the supervision of Provincial Party Headquarters, and new County Governing Committees under County Party Headquarters; in addition, several representatives of the Central Political Council at Nanking were sent to provincial party headquarters with supervisory powers. Confusion was the logical result. Not only did squabbles develop over the respective authority of party organs and governing organs, but the regional leaders also resented the attempt of the Central Political Council to enforce the theoretical control of the central government over the local governments. Right- and left-wing factions in all of these party and governing organs caused additional complexities and further retarded the creation of an efficient system of local government.

An even more vital influence on the group struggle for power within the Kuomintang was exerted by the series of Branch Political Councils set up by each of the five regional leaders at the capital of his district to cooperate with the central government. These Branch Political Councils were located at Mukden (under Chang Hsüeh-liang), Taiyuanfu (under Yen Hsi-shan), Kaifeng (under Feng Yü-hsiang), Hankow (under Li Tsung-jen) and Canton (under Li Chishen).26 As in other cases, these Branch Political Councils were on paper subordinate to the Central Political Council at Nanking. but actually they were utilized by the regional leaders for their own ends until they became in effect decentralizing agencies. Much of the group struggle within the central government centred about the question of whether these Branch Political Councils should be maintained or abolished.

# THE ELIMINATION OF THE KWANGSI FACTION

During the nine months from June 1928 to April 1929 China enjoyed one of the few periods of comparative peace it has experienced since the revolution that overthrew the Manchu régime in 1911. With the confusing duplication of party and governing organs in the provinces, and the lack of definite demarcation between the central and local authorities, it was remarkable that no serious outbreak among the regional groups occurred during the winter of 1928-1929. The loose federation of regional governments that made up the central government so far had managed to settle its difficulties without resort to warfare, and the habit of peace was growing. This was made clear when public opinion lined up solidly behind Chiang Kai-shek when the central government clashed with the Kwangsi faction in March 1929.

This outbreak was precipitated in February, when the head of the Hunan provincial government—an appointee of the central government—was ousted by force on command of the Hankow Divisional Coun-

<sup>26.</sup> The Branch Political Council at Peking was partially controlled by Yen Hsi-shan.

cil<sup>27</sup> headed by Li Tsung-jen. The basic point at issue, however, was the refusal of the Kwangsi faction to cooperate with the central government on putting into effect the terms of the January (1929) disbandment conference designed to bring the regional armies and revenues under centralized control. Each side accused the other of plotting for power within the government, but the Kwangsi faction was the first to set troops in motion.

Chiang Kai-shek proclaimed the issue to be one of direct disobedience to the regularly constituted central authority, and would accept no terms short of complete surrender. The Third National Kuomintang Congress -allegedly packed with Chiang Kai-shek's adherents - began sessions at Nanking March 15, and at once issued an order to the Kwangsi generals to suspend military The order was disobeved. operations. Meanwhile, Li Chi-shen, the Canton leader of the Kwangsi faction, boldly entered Nanking for purposes of negotiation on a guarantee of immunity from the central govern-In spite of the guarantee, Chiang Kai-shek had him arrested under accusation of plotting against the government. Neither of the other chief Kwangsi leaders was at the centre of disturbance in Hankow at the time. Li Tsung-jen being in Shanghai and Pai Ch'ung-hsi in Tientsin.28 It thus happened that in the decisive fighting about Hankow military operations on the Kwangsi side were conducted by their lesser generals. Nevertheless, a punitive mandate was issued by the government against the major Kwangsi leaders, Li Chi-shen, Li Tsung-jen and Pai Ch'ung-hsi, denouncing them as rebels and dismissing them from all their posts.

The Hankow campaign was conducted by Chiang Kai-shek in person, and was strikingly swift and complete. Its major phases were completed in one week, at the end of March and beginning of April. The issue was decided by the defection of an important Kwangsi force occupying a strategic position. On April 6, amid an enthusiastic popular ovation, Chiang Kai-shek made a tri-

umphal entry into Hankow. He was followed a few days later by the National Minister of Finance, Mr. T. V. Soong, who at once set about reorganizing the finances of the region. The Kwangsi remnants about Hankow were cleaned up in a few weeks, but their major forces straggled down through Hunan province into Kwangsi province.

Meanwhile, important events were transpiring at Canton. In the absence of Li Chishen, who was under arrest at Nanking, a pro-Chiang Kai-shek general had carried the whole of Kwangtung province for the central government. When Li Tsung-ien and Pai Ch'ung-hsi reached Canton, they were therefore forced to withdraw into Kwangsi to reorganize their scattered forces. During May they launched a determined drive on Canton, which ended with the failure of a last desperate attack by Pai Ch'ung-hsi that all but took the city. By the middle of June the government forces were in complete control of Kwangsi and Kwangtung, and Mr. T. V. Soong was initiating a system of central administration of their finances and revenues.

# CRISIS WITH FENG YU-HSIANG

Trouble between Feng Yü-hsiang and Chiang Kai-shek developed immediately after the collapse of the Kwangsi forces at Hankow, which had considerably strengthened the hands of both Feng and Chiang. Feng Yü-hsiang had long been expected to take over control of Shantung when the Japanese evacuated, and under stress of the Kwangsi conflict it was alleged that Shantung was definitely allocated to Feng's sphere of influence. General Sun Liang-cheng, a Feng Yü-hsiang adherent, had for some months acted as chairman of the Shantung provincial government, and early in April was designated by Chiang Kai-shek to take full charge of the military and civil rehabilitation of Shantung. He was moving to occupy Tsinan, which the Japanese were evacuating on April 17, when it became known that the central government had requested the Japanese to delay their departure for a short time. Feng Yü-hsiang immediately sent out a telegram stating that he was entirely ready to abide by any decision the central government might make as to the forces that should garrison the province after the Japanese left.

<sup>27.</sup> Divisional Councils had replaced the Branch Political Councils in January; this was a change in name only.

<sup>28.</sup> They eventually found their way to Canton, the other centre of power of the Kwangsi faction.

<sup>29.</sup> Chiang Kai-shek's chief-of-staff in this campaign was Ludendorff's former chief-of-staff, General Max von Bauer, who has since died of smallpox.

On April 26 a government mandate ordered that the control of Shantung be split up among three groups, one of which was to be that led by Governor Sun Liang-cheng. Scenting trouble in this arrangement, Sun Liang-cheng and his forces withdrew from Shantung into Honan the next day, whereupon the officials of Marshal Feng Yü-hsiang throughout the country contracted diplomatic illnesses which necessitated their departure for concessions, legation quarters, and other immune areas. At the same time Feng Yü-hsiang sent an autograph letter to Chiang Kai-shek reiterating his wholehearted loyalty to the central administration. Trouble threatened for three weeks, and then on May 20 the storm broke. On that date Feng Yü-hsiang issued a letter to the representatives of the foreign powers declaring that Chiang Kai-shek had monopolized the central government until it no longer represented the nation, and that a punitive expedition was being launched against him. On May 23 Feng was dropped from Kuomintang membership, and on May 24 a mandate ordering his arrest was issued by the Nanking government. At this period Yen Hsi-shan was definitely supporting Chiang Kai-shek. Marshal Feng now withdrew his forces from Honan toward Shensi. and government forces gathered to the south and east of Honan.30

There matters rested during the removal of Sun Yat-sen's body from Peking to Nanking, where it was finally laid to rest with elaborate ceremony on June 1 in the imposing mausoleum on Purple Mountain. One of Feng's generals in Honan had meanwhile declared his loyalty to the central government, the effect of his declaration being to create a buffer region between Feng and Chiang until the reliability of his protestations had been proved. The tension be-

tween the government and Feng Yü-hsiang now began to lessen. During this period steady negotiations were being carried on by representatives of the three chief leaders concerned: Chiang Kai-shek, Feng Yü-hsiang, and Yen Hsi-shan. It soon became apparent that Yen Hsi-shan was unwilling to support Chiang Kai-shek to the extent of waging a war of extermination against Feng Yü-hsiang. The upshot was a compromise. At first the plan was that Yen Hsi-shan and Feng Yü-hsiang were to go abroad together, leaving their troops in the hands of their lesser generals.31 Later, it was decided that Feng and Yen would remain in China for a period of three months. On July 5 the Executive Yuan at Nanking rescinded the order for Feng's arrest, and soon afterwards his diplomatic representatives returned to their posts in the government.

In these two crises with Feng Yü-hsiang and the Kwangsi faction, Chiang Kai-shek utilized his strategic position to strengthen the power of the central government to a very considerable extent. In March 1929 the central government effectively controlled the forces and administered the revenues of but five provinces: Kiangsu, Chekiang, Anhwei, Kiangsi, and Fukien. To these the rout of the Kwangsi faction added Hunan, Hupeh, Kwangtung, and Kwangsi; and in each case Mr. T. V. Soong followed up the military victory by a financial reorganization that centred control of the provincial revenues more effectively in the hands of the National Ministry of Finance. By the summer of 1929 the major revenue-producing provinces of China south of the Yangtze had come fairly effectively under control of the central government. North of the Yangtze, however, the dispute with Feng was only temporarily patched up, and broke out with renewed violence in October.32

# **RECONSTRUCTION33**

The incessant civil strife of the past ten years has disorganized China's national finances, seriously damaged its public utilities, and left an aftermath of widespread banditry and famine.

It has already been pointed out that China's major internal problem is the disbandment of its surplus troops; for so long maintain huge armies no considerable funds will become available for the tasks of reconstruction. Nevertheless, pending army dis—

as 80 per cent of the public revenues go to

<sup>31.</sup> The Feng-Yen party was actually booked to sail from Tangku on July 5, but its plans fell through when Yen was taken sick and removed to the hospital.

<sup>32.</sup> For details cf. p. 295-96.

<sup>33.</sup> Current reconstruction problems and achievements in China are to be treated in a forthcoming report in the Information Service series.

<sup>30.</sup> Cf. The Week in China, May 25, 1929, p. 416-18.

bandment and reorganization, the Nanking government has made a fair beginning at reconstruction along various lines during the past year. New internal loan issues have been successfully floated and soundly managed, the loans contracted by previous Peking governments have been recognized and partially readjusted, a new Central Bank has been established at Shanghai, and a fresh start made toward redeeming the country's

depreciated currency. The railroads have been brought under the centralized control of the Ministry of Railways, and for the first time in many years through service was maintained on all the government lines during the past summer. Much activity has been shown in highway construction, especially in the southern and central provinces; and Nanking and Canton afford striking examples of the municipal developments now taking place in many cities of China.

## FOREIGN RELATIONS

Two crises have arisen in China's foreign relations during the past year, one involving Japan and the other Russia. The tense feelings aroused by the Japanese occupation of Shantung had hardly subsided with the Japanese withdrawal at the end of May. when early in July a crisis with Russia arose as a result of the Chinese assumption of full control over the Chinese Eastern Railway in north Manchuria. Of greater basic importance than either of these crises, however, have been certain major advances made by China toward regaining full sovereignty -advances which are recorded in a series of new treaties concluded with twelve foreign powers during the latter half of 1928.

## RELATIONS WITH JAPAN

The Tsinan Incident<sup>34</sup> gave rise to the bitterest feelings, but it was only one of several questions agitating Sino-Japanese relations during 1928 and 1929. The earlier Nanking and Hankow Incidents, the everpresent Manchurian problem, and the negotiation of a new commercial treaty were also pressing for settlement.

The Nanking Incident of March 24, 1927, in which Nationalist troops entering the city engaged in numerous attacks on foreigners, concerned all the chief foreign powers. The settlement of this issue by the United States on March 30, 1928,<sup>35</sup> and by Great Britain on August 9, 1928,<sup>36</sup> was followed by similar action on the part of the other powers except Japan. Sino-Japanese tension over the occupation of Shantung delayed the settlement not only of the Nanking Incident but also of the Hankow Incident. This incident (April 3, 1927) involved a mob attack

by Chinese on the Japanese concession which was repelled by Japanese marines. But the more cordial feelings between China and Japan resulting from the settlement of the Tsinan Incident on March 28, 1929, paved the way for a settlement of the earlier disputes. Thus it was not until May 2, 1929 that the texts of the Sino-Japanese notes settling the Nanking and Hankow Incidents were signed by Dr. C. T. Wang and Mr. Yoshizawa.37 The terms followed those already arranged by the other powers. In both cases China expressed regret and accepted responsibility for the incidents, declared that the guilty persons had been dealt with, and proposed joint commissions to determine the compensation to be awarded. Japan's notes accepted the apologies and agreed to the appointment of commissions to assess damages. The marked difference should be noted between this settlement and that of the Tsinan Incident, in which Japan conceded China's contention of joint responsibility.

Japan has never officially accepted the abrogation of the Sino-Japanese treaty of 1896 announced by China as effective from July 20, 1928.<sup>38</sup> In an exchange of notes in August of the latter year the Japanese government asserted that it would negotiate for a revision of the treaty only if China rescinded the unilateral interim regulations announced on July 8, 1928, to apply pending the conclusion of a new treaty. The deadlock was partly broken on January 30, 1929, when a secret Sino-Japanese agreement was signed permitting China to put its new tariff schedule into effect. In a second exchange of notes (April 26 and 27, 1929), Japan

<sup>34.</sup> Cf. p. 298.

For text cf. The Week in China, April 7, 1928, p. 3-7.
 For text cf. Ibid., August 18, 1928, p. 3-6.

<sup>37.</sup> For text cf. Ibid., June 8, 1929, p. 458-60.
38. For details of this treaty dispute cf. F. P. A. Information Service, Vol. IV, No. 15, "Treaty Revision in China," p. 318-19.

reiterated its demand that negotiations for a new treaty must be based on a recognition by China that the old treaty was still in effect, while China expressed a desire for immediate negotiations without further discussion of the validity of the old treaty.39 Thus matters rest at the present writing, but with the recent appointment of Mr. Sadao Saburi, reported to be very cordial to Chinese aspirations, to succeed Mr. Kenkichi Yoshizawa as Minister to China, there is ground for renewed hope that China and Japan will find their way out of this treaty impasse in the near future.

#### THE NEW TREATIES40

In the period from July 25, 1928 (when the United States negotiated the first treaty with the new rulers of China) to December 27 of the same year, a series of twelve treaties between China and various foreign powers was negotiated and signed. These treaties were conspicuous for their recognition of China's complete tariff autonomy, subject only to the condition that it be on a mutually non-discriminatory basis. In some cases an additional feature was the conditional abolition of extraterritorial privileges. to become effective January 1, 1930. A chart reviewing the salient points of these treaties is given below. In this list Japan and Russia are notable absentees. Japan's absence is due to circumstances which have been already described; Russia's absence is due to the fact that it had negotiated a treaty of mutual equality with China four years earlier, on May 31, 1924.

## THE NEW TARIFF41

China's new customs tariff was adopted by the Nanking government on December . 7, 1928, to come into force on February 1. 1929. It provides for a graduated scale of duties ranging from 71/2 to 271/2 per cent ad valorem, and is to remain in effect for one year.42 The maximum duty is applied to such non-essentials as liquors and tobacco products, in addition to a very considerable consumption tax to which Chinese goods are also subject. The principal object of the

new tariff is to secure additional revenue. but the protective principle has also been taken into account for the first time in Chinese tariff history. The conclusion of the Sino-Japanese tariff agreement on January 30, 1929, already referred to, made it possible for the new tariff schedule to become effective on February 1, as planned.

Two of the new treaties—those with France and Great Britain—provide that China shall abolish likin (the transit dues charged at inland stations) "as soon as possible." The wording of this provision, coupled with the fact that there is no mention whatever of likin in the majority of the treaties, indicates that the foreign powers have given up their former attempt to force China to abolish it. During the past year the Nanking government has attempted to eliminate likin in favor of a consumption Widespread protest has been aroused over the simultaneous collection of both these taxes in several provinces.43

## MARITIME CUSTOMS44

On December 31, 1928, Mr. A. H. F. Edwardes tendered his resignation as Inspector-General of the Chinese Maritime Customs: the resignation was accepted by the Nanking government on January 8, 1929, and Mr. F. W. Maze—recognized as sympathetic to the new régime—was appointed in his stead. The transaction emphasized the fact that the Nanking government felt it was now dealing with assistants in its employ and not with foreigners who might dictate its policy. On February 28 a further step in the same direction was taken when the Ministry of Finance issued an order to Inspector-General Maze that with the exception of experts not available from the Chinese customs staff no further foreign staff members should be engaged, and that Chinese customs inspectors should enjoy equal opportunities with foreigners in matters of promotion. Although there is therefore evidence that the Nanking government is beginning to make its authority felt in the Customs Service, there would seem to be no intention of radically altering its administration. The same is true of the

<sup>39.</sup> For text of notes cf. The Week in China, May 4, 1929,

Cf. list of 690 likin collectorates in Chinese Economic Bulletin, June 1, 1929, p. 279-80.

<sup>44.</sup> An institution administered by foreigners that has managed the collection of Chinese customs dues since the middle of the nineteenth century. The Inspector-General has always been an Englishman.

Post Office and the Salt Gabelle, where despite minor changes toward increased Chinese participation the foreign heads and foreign administration are being retained.

#### EXTRATERRITORIALITY45

Belgium, Italy, Denmark, Portugal and Spain in their new treaties with China agreed to the surrender of extraterritoriality on January 1, 1930, provided that a majority of the powers represented at the Washington Conference should have concluded similar agreements by that date. At present Germany and Russia have entirely relinquished their extraterritorial privileges. The Japanese treaty covering extraterritoriality has been abrogated, and the Japanese are now technically without "treaty rights." The whole problem therefore centres upon the action that may be taken by the United States, Great Britain and France. Attention is focused especially upon the United States government, since the Sino-American treaty covering extraterritoriality comes up for revision in 1934, and since the United States led the way in its treaty with China on July 25, 1928, granting tariff autonomy. Whatever action is taken by the United States on extraterritoriality is likely to have as decisive an effect as did its action with respect to tariff autonomy.

Foreign Minister C. T. Wang on April 27. 1929 addressed identical notes to the several powers asking that the extraterritorial status of foreigners in China be given consideration with a view to its early aboli-During the middle of August answers from the various powers reached Nanking. The lengthy American note points out that the recommendations of the Extraterritoriality Commission of 192647 have not been substantially carried out, and asserts that "there does not exist in China today a system of independent courts free from extraneous influence which is capable of adequately doing justice between Chinese and foreign litigants." Nevertheless, the American government is willing to negotiate with China for the gradual relinquishment of extraterritorial rights "provided that such gradual relinquishment proceeds at the same time as steps are taken and improvements are achieved by the Chinese government in the enactment and effective enforcement of laws based on modern concepts of jurisprudence." The replies of France and Great Britain were substantially the same.

A second note on extraterritoriality was sent to the powers by Dr. C. T. Wang early in September. The note to the United States (September 5, 1929) requests the latter government to "enter into immediate discussions with the authorized representatives of the Chinese government for making the necessary arrangements whereby extraterritoriality in China will be abolished to the mutual satisfaction of both governments." The note also points out the good effects resulting from the abandonment of extraterritoriality by the United States in Turkey. and appeals to the sympathetic policies and ideals of the American government with regard to China.49

The next move in China's struggle to secure the abolition of extraterritoriality was made at the Tenth Assembly of the League of Nations in September. Here Dr. C. C. Wu. the chief Chinese delegate, asked that the Assembly appoint a committee to decide how to apply Article XIX of the Covenant, which permits the Assembly to advise reconsideration by League members of treaties "which have become inapplicable." It was realized that the appointment of such a committee would constitute a precedent which might be used to disturb the European territorial settlement of 1919, and after a rather tense discussion China abandoned its proposal. Instead, a resolution was adopted reaffirming the principle of Article XIX.50

On September 17 the Judicial Yuan of the Chinese government announced the appointment of a Preparatory Committee to attend to all matters in connection with the as-

<sup>45.</sup> Cf. F. P. A. Information Service, Vol. IV, No. 15, cited, p. 306-11.

<sup>46.</sup> For text of note cf. The Week in China, May 11, 1929, p. 361-63,

<sup>43.</sup> The Extraterritoriality Commission was appointed, pursuant to a resolution of the Washington Conference, to inquire into extraterritorial jurisdiction in China and the Chinese judicial system. It met in China in 1926 and after eight months of investigation drew up a report signed by the commissioners of the thirteen powers represented. The Chinese commissioner, however, signed with reservations.

<sup>48.</sup> U. S. State Department release to the press, September 4, 1929. China's new criminal codes were promulgated in March and July 1928. The new civil and commercial codes are now being drafted, and are to be promulgated before the end of this year. Regulations governing China's Supreme Court were adopted in August 1929. New courts have been established and additional Judges appointed.

<sup>49.</sup> For text of note cf. The Week in China, September 14, 1929, p. 741-44.

<sup>50.</sup> For resolution as adopted cf. League of Nations, Journal of the Tenth Assembly, September 25, 1929, p. 384.

sumption by Chinese courts of jurisdiction over foreigners in China.51

# CONCESSIONS, SETTLEMENTS AND LEASEHOLDS52

Concessions, settlements and leaseholds include certain areas of China in which foreigners possess varying special privileges. Leaseholds are under the complete control of the country holding the lease. Concessions and settlements are areas belonging to China but governed and policed by foreigners.

#### Concessions

On August 31, 1929, an agreement was signed whereby Belgium undertook to return its concession in Tientsin to the Chinese government. Formal transfer of control will take place upon ratification by both parties. The gist of the retrocession agreement is as follows:53

- 1. Perpetual leases are recognized for owners of private property, the leases to be obtained at a nominal fee.
- 2. Land taxes will remain as they are until the Chinese government initiates general land laws for the entire country.
- 3. China agrees to pay off the indebtedness of the area within six months of the coming into effect of the agreement.54

#### Leaseholds

Negotiations for the return to China by Great Britain of the leased territory of Wei-hai-wei have been reported at various times during the year, but they have led to no definite results.55

## Shanahai International Settlement

In the International Settlement at Shanghai, which has a population of approxi-

51. Kuo Min News Agency report, September 18, 1929.
52. Ct. F. P. A. Information Service, Vol. II, No. 25,
"Foreign Interests in China," p. 306-307.
53. For text of agreement ct. The Week in China, September

14, 1929, p. 733-736. 54. Foreign concessions are still held in the following cities by:

Great Britain: Amoy, Canton, Tientsin, Chinkiang, Newchwang.

Japan: Amoy, Hankow, Tientsin, Hangchow, Socchow.
France: Canton, Hankow, Tientsin, Shanghai.
Italy: Tientsin.
Concessions formerly held by foreign powers have been re-

covered by China in the following cities from:

Germany: Tientsin and Hankow (1917),

Austria-Hungary: Tientsin (1917).

Russia: Tientsin and Hankow (1920). Great Britain: Hankow and Kiukiang (1927).

Great Britain: Hankow and Kiukiang (1927).
Belgium: Tientsin (1929).
Cf. George H. Blakeslee, The Pacific Area, p. 44.
55. The state of other foreign leaseholds in China is as follows: Kiacehou (Tsingtao) was recovered from Japan in 1922; Kwangchouwan (French) is to be retrocated when other foreign powers return their leaseholds: Kowloon Extension (Brittish) opposite Hongkong, and Liactung Peninsula (Japanese), including Dairen and Port Arthur, are both leased until 1997 with no retrocession intentions evident. China disputsulations are provided to the control of the co 1997 by virtue of treaty arrangements made in 1915 as a result of the Twenty-One Demands. Cf. Blakeslee, op. cit., p. 56-57.

mately 842,226 Chinese and 29,947 foreigners, the Chinese have gained genuine participation in the municipal government. Until April 10, 1928, the government of the Shanghai settlement was vested in a Municipal Council of nine foreigners. On that date, by an agreement concluded previously, three additional Chinese members were elected to the council, and six other Chinese appointed on various committees of the settlement. The present Municipal Council is composed of five British, three Chinese, two American, and two Japanese members. 56

The Chinese have also gained substantial control over the judiciary in the Shanghai settlement. The so-called Shanghai Provisional Court was set up on February 1, 1927. by an agreement made between the Shanghai consular body and the Kiangsu Provisional Government which was to hold for three years and afford the Chinese an opportunity to develop a model court. By this agreement the court is administered under Chinese law by Chinese judges, although deputies of the foreign consuls may sit with the Chinese judges in cases in which the peace and order of the International Settlement is concerned, or in which a foreigner enjoying extraterritorial rights is plaintiff. The foreign deputy has the right to record objections, but his concurrence is not necessary for the validity of the judgment. Neither Chinese nor foreigners are satisfied with this arrangement—the Chinese decrying usurpation by the foreigners of their deputy privileges, and the foreigners complaining that judges are under political influence and that judicial standards are not sufficiently high. During the spring of 1929 a sharp controversy developed over the conduct of a foreign attorney, leading to the resignation of Chief Judge Ho of the Provisional Court and the appointment by the Nanking government of one of the ablest Chinese judges, John C. Wu, in his place. Foreign Minister C. T. Wang has initiated negotiations with the foreign powers looking toward a definite settlement of the status of the court, the present provisional agreement for which expires January 1, 1930.

<sup>56.</sup> Cf. Blakeslee, op. cit., p. 49. The nine foreigners on the Municipal Council are elected by the substantial foreign ratepayers who number less than 3,000; the three Chinese members of the Council are elected separately by their fellow-nationals.

## RUSSIA AND MANCHURIA<sup>57</sup>

Despite many unfounded rumors, no major clash has occurred between China and Russia in Manchuria at the date of writing.

China has steadily refused to grant Russia's demand that, prior to the opening of formal negotiations for the settlement of the dispute, a Soviet general manager and assistant manager of the Chinese Eastern Railway should be reappointed.

# APPENDIX

# SYNOPSIS OF TREATIES CONCLUDED BY THE CHINESE GOVERNMENT IN 1928<sup>58</sup> (Treaty provisions indicated by \*.)

Country and date of conclusion of treaty	Tariff autonomy conceded	Non-dis- crimina- tory tariff treatment accruing to both parties	Non-discri treatment cally in r Nationals	specifi-	Abolition of likin and other inland taxes "as soon as possible"	Nationals made liable to taxation on non- discrimina- tory basis	Extrater- ritoriality in China condition- ally given up on Jan- uary 1, 1930	Residence, trade and acquisition of prop- erty in interior of China conceded on the giving up of ex- traterri- toriality	Subjects for further negotiation
U. S. A. July 25	*	*	*						
Germany August 17	*	*	*				Previously conceded		Treaty of commerce and navigation to be concluded on basis of equality
Norway November 12	*	*	*						Treaty to replace that of 1847 envisaged
Belgium November 22	*	*	*			*	*	*	Treaty of commerce and navigation to be concluded on basis of equality
Italy November 27	*	*	*			*	*	*	"
Denmark December 12	*	*	*			* -	*	*	"
Portugal December 19	*	*	*	*		*	*	*	
Holland December 19	*	*	*	**			. :		Revision of existing treaty of commerce and naviga- tion forecast
Great Britain December 20	*	*†	*	*	*				
Sweden December 20	*	*	*	*					
France December 20	*	*‡	*	*	*				Convention respecting Indo-China to be negotiated before Mar. 31, 1929
Spain December 27	*	*	*			*	*	*	Treaty of commerce and navigation to be concluded on basis of equality

<sup>\*</sup>Certain goods in which Holland is especially interested are specifically mentioned.

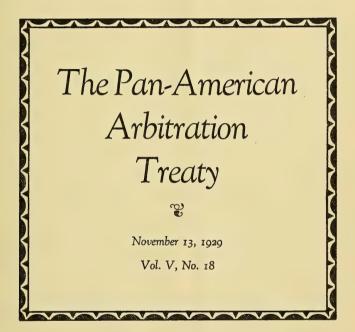
<sup>†</sup>Customs tariff to be applied uniformly on all land and sea frontiers of China.

<sup>†</sup>Chinese products enjoying minimum French tariff are listed, since French law prevents according it en bloc; special accord for conventional tariff to be concluded.

<sup>57.</sup> Cf. F. P. A. Information Service, Vol. V, No. 11, "Russia and China in Manchuria."
58. The texts of the twelve treaties above, in addition to the synopsis, appeared in the Peking Leader Reprint, No. 43.

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# THE PAN-AMERICAN ARBITRATION TREATY

bи

## WILLIAM T. STONE

with the aid of the Research Staff of the Foreign Policy Association

## INTRODUCTION

URING the first regular session of the 71st Congress of the United States. which convenes early in December, the Senate will be called upon to consider the ratification of the Inter-American Arbitration Treaty signed by twenty American States on January 5, 1929. This treaty is one of two multilateral agreements providing for pacific settlement of all international disputes drafted by the International Conference of American States on Conciliation and Arbitration, which met in Washington from December 10, 1928 to January 5, 1929. The first treaty-that on conciliation-was ratified by the Senate without debate on February 20, 1929, but the second was not reported by the Senate Foreign Relations Committee before the close of the 70th Congress.

Both treaties are logical corollaries to the condemnation of war as an instrument of national policy—a principle contained not only in the anti-war pact but also in the resolution adopted at the Sixth Pan-American Conference held at Havana in 1928. Moreover, both treaties supplement the antiwar pact by providing the necessary machinery for settlement of disputes by peaceful means. Mr. Hughes, the American delegate at the conference, said, "We consider this treaty as a notable advance in the development of peaceful settlement. It is quite obvious that it is not sufficient to renounce war, unless we are ready to have recourse to the processes of peace."1

This report reviews briefly the provisions of both treaties, with special emphasis on the arbitration pact, which still awaits the

approval of the Senate. Finally the reluctance of the Senate to ratify compulsory arbitration agreements is briefly discussed. and its insistence that in each case, before arbitration of a particular dispute is undertaken, the special agreement defining the terms of reference must first be submitted to the Senate for its consent.

## ARBITRATION TREATIES BEFORE 1929

The extent to which Central and South American States have accepted the principle of arbitration with each other and with the United States has been reviewed at length in a previous issue of the Information Service. It is unnecessary, therefore, to trace the arbitration record of the United States and the several Latin American countries, beyond indicating the chief advances made prior to 1928. In general, it may be said that the principle of arbitration has nowhere received more wholehearted support than on the American continents. The constitutions of three Latin American republics -Brazil, Venezuela, and the Dominican Republic-provide for the submission of all international disputes to arbitration before resorting to war. Many bilateral arbitration treaties have been signed by Latin American countries, and thirty-six such treaties were in effect in 1928.3 Eleven of these agreements are compulsory arbitration treaties in the truest sense of the term, and except no disputes whatsoever from arbitration.4 The United States, however, has so

<sup>2.</sup> F. P. A. Information Service, Vol. 4, No. 17, "Arbitration on the American Continent."

<sup>3.</sup> James Oliver Murdock, Latin-American Commission of Inquiry and Arbitration Treaties, Summaries and Tables, June 1928, in Department of State Library; also F. P. A. Information Service, Vol. 4, No. 17, cited, p. 355.

<sup>4.</sup> Ibid.

<sup>1.</sup> Proceedings of the International Conference of American States on Conclination and Arbitration, held at Washington, December 19, 1928, to January 5, 1929 (hereafter referred to as Proceedings), p. 610.

far been reluctant to conclude compulsory arbitration treaties. At the present time five of the arbitration treaties negotiated by Secretary of State Root in 1908-1909 are the only ones in force between the United States and Latin American republics; these treaties except from arbitration disputes affecting vital interests, independence, sovereignty, national honor, or the interests of third States.

Projects for arbitration of inter-American disputes have been discussed at each of the six Pan-American conferences held since 1889, but until the Havana conference in 1928 little progress was made toward adopting an inclusive compulsory arbitration convention. Projects for compulsory arbitration treaties initiated at the first and second conferences failed of adoption, and were consequently abandoned. The most important step actually taken was the adoption at the second conference, held at Mexico City in 1902, of a treaty for the arbitration of pecuniary claims.6 The life of the Pecuniary Claims Convention was extended at the third Pan American conference held at Rio de Janeiro in 1906, and again at the fourth conference at Buenos Aires in 1910. general conciliation treaty providing for commissions of inquiry was signed at the fifth conference in Santiago in 1923. It is this treaty, known as the Gondra Treaty, which has been supplemented by the Inter-American Conciliation Treaty signed at the conference in Washington on January 5, 1929. At the time of the Sixth Pan American Conference at Havana in 1928, therefore, the only two general multilateral treaties in force between the American republics were the Pecuniary Claims Convention and the Gondra Conciliation Treaty. The United States was also a party to the Treaty for the Establishment of International Commissions of Inquiry, signed at Washington February 7, 1923, with the five Central American countries.

Plans for a general American arbitration and conciliation treaty were first discussed by the American Institute of International Law in 1924.7 In 1927 the International Commission of Jurists, meeting at Rio de Janeiro, prepared a project for pacific settlement of international disputes which embodied virtually all methods of peaceful settlement, including the exercise of good offices, mediation and conciliation.8 project was referred to the Sixth Pan-American Conference at Havana, and was discussed in the Second Commission at that Mr. Alfaro, the delegate of conference. Panama, who was appointed reporter of this commission, presented his report on February 2. As the project of the Commission of Jurists was confined to conciliation and made no suggestions whatever in regard to arbitration, Mr. Alfaro, in his own report, proposed the acceptance of the principle of obligatory arbitration, with the minimum exceptions necessary to safeguard the independence and the constitutions of States.

The Alfaro report was not discussed, however, until February 16, a few days before the conference was to adjourn. Lacking the time necessary to draft complete arbitration and conciliation treaties, the conference decided to postpone the question and to refer it to a conference to be held in Washington within one year. Accordingly, on February 17, 1928, a resolution based on a declaration condemning war as an instrument of national policy was adopted, the text of which is as follows:

RESOLUTION: The Sixth International Conference of American States resolves:

WHEREAS: The American Republics desire to express that they condemn war as an instrument of national policy in their mutual relations; and

WHEREAS: The American Republics have the most fervent desire to contribute in every possible manner to the development of international means for the pacific settlement of conflicts between States:

- That the American Republics adopt obligatory arbitration as the means which they will employ for the pacific solution of their international differences of a juridical character.
- 2. That the American Republics will meet in Washington within the period of one year in a

<sup>5.</sup> These are treaties with Brazil, Ecuador, Haiti, Peru and Uruguay.

Nineteen American republics have ratified or adhered to the Hague Convention of 1899; ten have ratified or adhered to the Hague Convention of 1907. Ct. James Brown Scott, Hague Conventions and Declarations of 1899 and 1907, 200 20 20.

<sup>7.</sup> Codification of American International Law, Projects of Conventions Prepared at Request of Governing Board of Pan American Union, Washington, 1925, p. 119-21.

Pan American Union, International Commission of Jurists, Rio de Janeiro Session, April 18, 1927, Public International Law, 1927, p. 36-40; cf. also F. P. A. Information Service, Vol. IV, No. 4, "The Sixth Pan American Conference," p. 73.

<sup>9.</sup> Report of the Delegates of the United States of America to the Sixth International Conference of American States, Washington, p. 26.

conference of conciliation and arbitration to give conventional form to the realization of this principle, with the minimum exceptions which they may consider indispensable to safeguard the independence and sovereignty of the States, as well as matters of a domestic concern, and to the exclusion also of matters involving the interest or referring to the action of a State not a party to the convention.

3. That the Governments of the American Republics will send for this end plenipotentiary jurisconsults with instructions regarding the maximum and the minimum which they would accept in the extension of obligatory arbitral jurisdiction.

4. That the convention or conventions of conciliation and arbitration which may be concluded should leave open a protocol for progressive arbitration which would permit the development of this beneficent institution up to its maximum.

.5. That the convention or conventions which may be agreed upon, after signature, should be submitted immediately to the respective governments for their ratification in the shortest possible time.

The task assigned to the conference which met in Washington on December 10, 1928, was thus clearly set forth in the Havana resolution. It was to prepare treaties of arbitration and conciliation with the minimum exceptions considered indispensable to safeguard the independence and sovereignty of States, while excepting also matters of domestic concern and matters involving third States. Twenty of the twenty-one American States appointed representatives to participate in the conference, Argentina alone declining to take part.

Four plenary meetings were held between December 10, 1928 and January 5, 1929, when the two treaties and a Protocol of Progressive Arbitration were signed. At the opening session the conference established two committees-one to draft the conciliation treaty, the other to draft the arbitration treaty and the Protocol of Progressive Arbitration.10 Each country was represented on both committees. Three plenary sessions were held by each committee, while smaller sub-committees were appointed to do the actual work of drafting the conventions. The discussions which took place in the sub-committees were held in private: the minutes have not been published in the proceedings of the conference.

#### THE INTER-AMERICAN CONCILIATION CONVENTION

The two treaties of conciliation and arbitration signed at Washington together provide complete machinery for dealing with international disputes of whatever nature. While they are considered separately in this report, they are mutually supplementary and are designed to operate in complete harmony with each other.

The process of arbitration is limited to questions of a juridical nature, susceptible of decision on the basis of principles of international law.11 Conciliation, on the other hand, may be employed for the adjustment of any controversies which the parties have been unable to settle through diplomacy, and is not necessarily limited to questions of law. In its broadest aspects, the process of conciliation may include the use of good offices, mediation, investigation and report. The Bryan treaties concluded by the United States in 1913 and 1914 with twenty-one countries, including nine Latin American States, provide for submission of all disputes which it has not been possible to settle by diplomacy to investigation and report by permanent international commissions. The parties agree not to resort to war or begin hostilities during the period of investigation and report.<sup>12</sup> Separate commissions are provided for in each case by the Bryan treaties.

The multilateral treaty of 1923 between the United States and the five Central American States provided for the setting up of ad hoc commissions of inquiry, in regard to disputes except those affecting sovereignty, independence, vital interests and national honor.

# THE GONDRA

Until the signing of the present conciliation treaty in Washington, the most inclusive multilateral treaty in force between American States was the Treaty to Avoid or Prevent Conflicts Between American

<sup>10.</sup> Proceedings, p. 50.

<sup>11.</sup> Cf. F. P. A. Information Service, Vol. IV, No. 17, cited,

p. 345.

<sup>12.</sup> Cf. W. M. Malloy, Treaties, Conventions, International Acts, Protocols and Agreements between the United States of America and other Powers, 1176-1938, "Treaty with France," Vol. III, p. 2587; cf. also F. P. A. Information Service, Vol. III, No. 7, "International Arbitration and Plans for an Ameri-

States, signed at Santiago May 3, 1923, and known as the Gondra Treaty. 13 The Gondra Treaty provided for submission of all controversies to a commission for investigation and report, except disputes involving constitutional questions of States which have no general treaties of arbitration. three senior diplomatic officers accredited by American States to Washington and to Montevideo (Uruguay) were designated as members of two permanent committees. whose sole function was to call a special commission of inquiry whenever requested to do so by one or more parties to the treaty. and to notify the other parties concerned. Each party would then appoint two members to the commission, only one of whom, however, could be a national of the appointing power. The four members thus chosen would select a president from a neutral State.

The Gondra Treaty had been ratified by fifteen States<sup>14</sup> by December 1928 when the Conference on Arbitration and Conciliation met in Washington. Recognizing both the difficulty of securing universal adoption of a multilateral treaty and the value of many features of the existing treaty, the conference decided not to scrap the Gondra Treaty but merely to strengthen it by drafting a supplementary conciliation treaty.

The greatest weakness of the Gondra Treaty, in the view of the delegates to the Washington conference, arose from the fact that the two diplomatic committees were not given the power to use their good offices in bringing together the parties to a dispute. The boundary controversy between Bolivia and Paraguay, which threatened to bring these two countries to war at the very time the conference met in Washington, served to emphasize this weakness. Paraguay requested the diplomatic body at Montevideo to organize a commission of inquiry, but Bolivia declined to name members for such a commission, on the ground that the Gondra Treaty had not yet been approved by the Bolivian legislature. Even if the legislature had ratified the treaty, long negotiations would have been necessary to establish the commission, and at a time when the

U. S., Department of State, Treaty Series, No. 752.
 The United States, Brazil, Chile, Costa Rica, Cuba, Dominican Republic, Guatemala, Haiti, Mexico, Fanama, Paraguay, Peru, Salvador, Uruguay and Venezuela.

feelings of both parties were at fever heat. Meanwhile the diplomatic committee had no power to effect mediation and was neither willing nor able to invoke an international commission.

# THE CONVENTION OF 1929

In order to remedy this defect, the Pan American Arbitration Conference provided in Article 3 of the conciliation convention that the diplomatic committees at Washington and Montevideo should be "bound to exercise conciliatory functions, either on their own motion when it appears that there is a prospect of disturbance of peaceful relations, or at the request of a party to the dispute" until the ad hoc commission is established.

Explaining the reason for including this provision in the conciliation convention, Mr. Varela of Uruguay, the reporting delegate in the Conciliation Committee, said:

"In the desire to further the conciliation of the parties at any time, the draft confers conciliatory functions on the permanent commissions created by the Gondra Treaty, taking into account that between the closing of diplomatic channels and the constitution of the commission of inquiry a more or less long period of time might transpire, which is, perhaps, the most dangerous period for grave conflicts to arise between the parties in dispute. At that opportune moment, therefore, its conciliatory action will be carried out..." <sup>115</sup>

Serious doubts were apparently expressed in the private meetings of the conference by a number of delegates who feared that if the committees were given conciliatory powers they might inject themselves unnecessarily into the ordinary conduct of diplomatic relations between two States. The objections were removed by inserting the clause in Article 3, already quoted, which limits the action of the permanent committees to cases in which it appears that there is a prospect of disturbance of peaceful relations.

In addition to investigating the facts of a dispute and making a report, as under the Gondra Treaty, the commission of inquiry under the 1929 convention has the character of a commission of conciliation. As Mr. Varela pointed out in his report, the treaty

<sup>15.</sup> Proceedings, p. 290-91.

<sup>16.</sup> Ibid., p. 292.

authorizes investigation commissions "to proceed, as organs of conciliation, at any moment after their organization, that is to say, before investigation, during it, or finally after the investigating procedure has been closed." In other words, if in the process of uncovering the facts the investigating commission finds it possible to settle the whole matter finally and amicably between the parties, it is entirely free to do so. One year is allowed for investigation, and an additional period of six months is permitted for the parties to pass on the bases of settlement which may be recommended.<sup>17</sup>

The conciliation convention makes no reservations whatever as to types of disputes to which it may be applied and eliminates the single reservation of the Gondra Treaty with respect to disputes affecting constitutional provisions of countries not having general arbitration treaties.

## EFFECTS OF THE CONVENTION

The reports or recommendations of the investigating commission do not have the character of decisions or arbitral awards,18 and are not binding on the parties. Their force rests entirely upon the weight which a report from an impartial international commission is bound to have on public opinion. But inasmuch as the parties to the conciliation convention of 1929 must also be adherents to the Gondra Treaty, they are obliged to refrain from any warlike acts. such as mobilization of troops or other preparations for hostilities, until the commission has rendered its report. In the event of the commission's failing to bring about an agreement, those American States which are members of the League are obliged in accordance with Article 15 of the Covenant to place the dispute, if it threatens to lead to hostilities, before the League Council at Geneva. States which have ratified the anti-war pact, moreover, cannot go to war, even in the event of failure of conciliation, unless the war is one of "self-defense." Possibly the question as to which of two States has violated the anti-war pact would be treated as one of the legal disputes which must be referred to arbitration under the Inter-American Arbitration Convention.<sup>19</sup>

The broad character of the Inter-American Conciliation Convention gives it a special value inasmuch as it provides machinery for peaceful adjustment which is automatically set in motion at the moment when a dispute threatens to disturb peaceful relations. If the new conciliation convention had been in force in 1927-1928 the diplomatic committee either at Montevideo or at Washington would have had the right to intervene in the land and oil law dispute between the United States and Mexico in an effort to bring about conciliation. The permanent committees would not necessarily be deterred from acting in a case where the diplomatic agent of one of the parties to a dispute happened to be a member of a committee. specifically provides that the committees may act by majority vote.

The United States was the first country to ratify the Inter-American Conciliation Convention. It was proclaimed on April 4, 1929, after the Senate had consented to ratification on February 20 without debate. Apparently because of opposition to certain provisions of the arbitration treaty, and the lack of time for debate in the closing days of the 70th Congress, the Senate Foreign Relations Committee failed to report the latter agreement.

## THE INTER-AMERICAN ARBITRATION TREATY

The arbitration treaty, by virtue of its precise definition of what constitutes a judicial question, and its omission of sweeping exceptions, embodies the most advanced principles of compulsory arbitration. It is more precise than the series of treaties concluded with France and other non-American countries during 1928 by Secretary Kel-

logg,<sup>21</sup> and is far more inclusive than the Root treaties concluded in 1908 and 1909. The arbitration treaty incorporates many features embodied in recent European arbi-

<sup>19.</sup> Cf. p. 319.

<sup>20.</sup> Congressional Record, February 20, 1929 (Legislative day February 15). Only two other governments, Mexico and the Dominican Republic, had deposited their ratifications by October 30, 1929.

<sup>21.</sup> U. S., Department of State, Treaty Series, No. 785, "Treaty between the United States and France, Arbitration." For text of Inter-American Arbitration Treaty, cf. Appendix, p. 326.

<sup>17.</sup> Article 10.

<sup>18.</sup> Article 9.

tration treaties, the Locarno agreements and the statute of the Permanent Court of International Justice. Moreover, the Protocol of Progressive Arbitration makes it possible for any party to the treaty to abandon in whole or in part exceptions in the treaty or reservations which they may have made, without the necessity of negotiating a new treaty. In this way, as States withdraw their reservations, the scope of the treaty will be progressively extended.

The scope of the arbitration treaty, supplementing the conciliation convention, is defined in Article 1. The parties bind themselves to submit to arbitration "all differences of an international character which have arisen or may arise" between them "by virtue of a claim of right made by one against the other under treaty or otherwise which it has not been possible to adjust by diplomacy and which are juridical in their nature by reason of being susceptible of decision by the application of the principles of law." Among the questions which are to be arbitrated are those which fall within the following categories:

- (a) The interpretation of a treaty.
- (b) Any question of international law.
- (c) The existence of any fact which, if established, would constitute a breach of an international obligation.
- (d) The nature and extent of the reparation to be made for the breach of an international obligation.

No treaty to which the United States is a party has ever been so specific in defining exactly what types of question are suitable for arbitration. The four categories, which were taken from Article 36 of the statute of the Permanent Court of International Justice, include virtually every type of juridical question.

#### TREATY INTERPRETATION

Questions affecting the interpretation of treaties have been a frequent cause of serious international controversy. In Latin America, in particular, many boundary disputes arising from conflicting interpretations of treaties or deeds have led to war or prolonged and bitter controversy. The Tacna-Arica dispute between Chile and Peru, which was not finally settled until this

year, arose in part out of a difference of interpretation of the Treaty of Ancon, signed October 20, 1883. To cite a current case, contrary interpretations of the treaty of 1903 between the United States and Panama,<sup>22</sup> involving questions as to the degree of jurisdiction exercised by the United States in the Canal Zone, have existed almost from the time of the ratification of the treaty and have in recent years attracted special attention.<sup>23</sup>

Differences of opinion have arisen over the interpretation particularly of Article 3 of the Treaty of 1903. This article states that

"... the Republic of Panama grants to the United States all the rights, power and authority within the zone mentioned and described in Article II of this agreement and within the limits of all auxiliary lands and waters mentioned and described in said Article II which the United States would possess and exercise if it were the sovereign of the territory within which said lands and waters are located to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power or authority."

In negotiating a new convention, finally signed on July 28, 1926, but as yet unratified, Panama contended that the United States had no right to engage in commercial activities in the Canal Zone beyond what was necessary for the purpose of constructing, operating and protecting the canal.<sup>24</sup> The United States, however, declined to accept this limited view.<sup>25</sup>

At the Eighth Assembly of the League of Nations Dr. Morales, the Panama delegate, referred to this difference in interpretation and said that Panama hoped that the United States would eventually concur in its view.

"If this is not the case, however," he added, "the two nations would still be able to submit this and any other dispute to an impartial court of justice for its decision, trusting that a correct and equitable interpretation would be given for all time.

"The United States has always been a just country, a lover of peace and an enthusiastic supporter of international arbitration. It is un-

<sup>22.</sup> Malloy, cited, Vol. II, p. 1349.

<sup>23.</sup> For a fuller discussion of this subject cf. F. P. A. Information Service, Vol. III, No. 23, p. 358, "Mexico, the Caribbean and Tacna-Arica."

<sup>24.</sup> Ibid., p. 357.

<sup>25.</sup> Differences of interpretation have also arisen out of the permanent treaty of May 22, 1903 between the United States and Cuba embodying the Platt amendment, and out of the treaty of September 1915 between the United States and Haiti.

thinkable, therefore, that in a dispute with a small, weak country, it should refuse to submit to impartial judges a matter arising out of the interpretation of the treaty, and still more unthinkable that it should attempt to impose its own interpretation by some extra-judicial means."<sup>28</sup>

The opinion has prevailed among a group of United States Senators that to arbitrate these differences with Panama would, in effect, mean arbitrating the question of the sovereignty of the Panama Canal Zone. Consequently, they are opposed to the arbitration of any questions arising out of the Panama treaty. It is pointed out, however, that the rights of the United States rest upon a treaty between two legally equal powers; the question at issue, moreover, does not affect the fundamental position of the United States with respect to the canal, but merely the question of whether or not its rights extend beyond whatever maintenance and defense are necessary for the operation of the canal.

# SUBJECTS EXCEPTED FROM ARBITRATION

Only two general exceptions are written into the Inter-American Arbitration Treaty. These are contained in Article 2, and refer to the following types of controversy:

- (a) Those which are within the domestic jurisdiction of any of the parties to the dispute, and are not controlled by international law;
- (b) Those which affect the interest or refer to the action of a State not a party to the treaty.

The Root treaties limited arbitration to "differences which may arise of a legal nature or relating to the interpretation of treaties." provided that they do not affect "the vital interests, the independence or the honor of the two contracting states, and do not concern the interests of third states." Each State was to be the judge of whether a given dispute fell within the exempted It could therefore withdraw categories. from arbitration practically any dispute which it was afraid to submit. The recent arbitration treaties with France and Germany marked an advance over the Root treaties by eliminating the phrases "vital interests" and "national honor." But four specific categories of dispute are excepted from arbitration by all the Kellogg treaties:

- (a) Questions within the domestic jurisdiction of either of the parties;
- (b) Questions involving the interests of third parties;
- (c) Questions involving the Monroe Doctrine;
- (d) Questions involving the obligations of the other States in accordance with the Covenant of the League of Nations.

The Inter-American Arbitration Treaty makes a further advance. It limits the traditional reservation regarding "domestic questions" (see a above) by adding the clause "and not controlled by international law." In discussing this reservation at the conference in Washington, Mr. Hughes, the United States delegate, said:

"When we say in the first exception: 'and are not controlled by international law,' we have obvious reference to those situations in which matters which would otherwise fall within the domestic jurisdiction have, by reason of an international transaction, another treaty, for example, become the subject of international consideration because they impart international obligation:'27

The intent and meaning of the second reservation, which refers to the rights of third parties, was questioned during the discussion of the draft in the Arbitration Committee by Mr. Grisanti, of Venezuela, who said:

"It is evident that the controversies which affect the interests of a nation not a party to the treaty are not arbitrable... by virtue of the principle res inter alios acta, aliis neque nocere neque prodesse potest.28 This seems so obvious, that it is useless to stipulate it, because however well the exception is expressed at all, the third state will never be bound by the arbitral award.

"On the other hand, it is not clear what is meant by the phrase 'or to the action of a state not a party to the treaty.' If the 'action' of this third state is confused with its 'interest' the same inelegentia juris above mentioned is encountered; if it is not, it is necessary to express clearly what is to be understood by the word 'action.' The delegation of Venezuela would appreciate some explanation of this point."<sup>29</sup>

Mr. Hughes of the United States delegation replied, but did not clear up the point raised in the last part of the question:

"I appreciate the point which my distinguished friend from Venezuela has made with respect

League of Nations, Official Journal, "Records of the Eighth Ordinary Session of the Assembly," Special Supplement 54, p. 100-103.

<sup>27.</sup> Proceedings, p. 612.

<sup>28.</sup> Agreements made between certain parties can neither injure nor benefit other parties.

<sup>29.</sup> Proceedings, p. 603.

to the award not being binding on third states. That, of course, is true. But if a third state has an interest in a controversy, or if the action of the third state is to be the subject of discussion, it is manifest that there ought not to be an arbitration which draws in that interest or action even though the award might not be binding upon the third state. That is an historical exception which has always been made because it has been recognized that those disputes or controversies... cannot properly be made the subject of arbitration."30

The question might be raised as to whether this exception would have prevented reference to arbitration of the Tacna-Arica dispute between Chile and Peru, by virtue of the "interest" claimed by Bolivia. It should be noticed that the article excludes merely disputes "which affect the interest or refer to the action of a State not a party to this treaty." Two States could therefore resort to arbitration even though the dispute affected the interest of a third State, if that third State was also a party to the treaty.

# ARBITRATION AND THE MONROE DOCTRINE

It is noteworthy that the United States delegation did not make any reservation to the Inter-American Arbitration Treaty with reference to the Monroe Doctrine. If the treaty is ratified, the United States will accordingly agree to submit to arbitration legal disputes with other American countries regardless of the Monroe Doctrine. It does not agree, however, to arbitrate under this treaty disputes affecting the Monroe Doctrine if such disputes involve European countries (or third States which are not parties to the treaty).

Mr. Charles Evans Hughes has pointed out that in the course of the discussions at the conference in Washington, the Monroe Doctrine was not mentioned. "The treaty," he said, "makes no reference to it and the reason is obvious. The treaty is between the American Republics. The Monroe Doctrine may be summarized as being opposed (1) to any non-American action encroaching upon the political independence of American states under any guise; and (2) to the acquisition in any manner of the control of additional territory in this hemisphere by any non-American power. It thus relates to the interests or the action of a non-

American state and such states are not parties to the treaty and would not be parties to an arbitration under the treaty. Matters affecting their interests or referring to their action fall within the exception of the treaty relating to third parties."<sup>31</sup>

# ARBITRATION COURTS

Under the optional clause of the World Court Statute, if two States disagree as to whether or not a given dispute falls within the classes subject to arbitration, the court is to settle the matter. But there is no such clause in the Inter-American Arbitration Treaty. For example, the Mexican government might have contended at the time of the American bombardment of Vera Cruz in 1914 that such bombardment involved a violation of international law. On the other hand, the United States might have contended that no international law had been formulated in regard to this type of self-help and that therefore the dispute was not suitable for arbitration. Although under the optional clause of the World Court such a difference would be settled by the court itself, under the Inter-American Arbitration Treaty each government is permitted to adhere to its original position, thus preventing arbitration. In border-line cases the arbitration court may possibly pass on this question of jurisdiction through its power to formulate a compromis, after three months.32 Nevertheless one party to a dispute may still decline to arbitrate before the compromis stage is reached, on the ground that the dispute does not fall within the justiciable categories.

Unlike the Root treaties and the Kellogg treaties, which specified the Hague Court as the tribunal to which controversies should be referred, the Inter-American Arbitration Treaty permits the parties to agree on any type of court or tribunal. Under the provisions of Article 3, disputes may be referred to the Permanent Court of International Justice or elsewhere. In practice there should be little difficulty in agreeing on a court. The World Court offers many advantages, owing to the fact that it is composed of eleven jurists of the highest international standing, who hold regular sessions

<sup>31. &</sup>quot;Pan-American Peace," Yale Review, Summer, 1929.

<sup>32.</sup> Cf. p. 321.

at the Hague. Should the parties be unable to agree on a tribunal, however, provision is made for selection of a special court. In the first instance each party nominates two arbitrators, only one of whom may be a national of the nominating State, and these four select the fifth arbitrator. Should they fail to agree on a fifth member, the choice is to be made by two non-American members of the Permanent Court of Arbitration at the Hague, one of whom is nominated by each party. The method defined in Article 3 has been criticized as being somewhat cumbersome, but it was designed to eliminate any political influence in selecting the important fifth arbitrator or umpire.

## DEFINING THE ISSUE

Article 4 of the arbitration treaty embodies the usual compromis clause, providing that in each case the parties to the dispute shall formulate a special agreement which shall clearly define the subject matter of the controversy, the seat of the court, the rules to be observed and other conditions. A similar provision is found in the majority of general arbitration treaties and is included in order that the parties may define precisely the points which they wish the arbitrator to decide. No provision is made for reference of the special agreement to legislative bodies for ratification. In the past the United States Senate has always insisted that this special agreement be submitted to it for advice and consent in ratification, as though the compromis were a formal treaty. The position of the Senate in regard to the compromis in cases coming under the Inter-American Arbitration Treaty will be reviewed in a later section of this report.33

The final paragraph of Article 4 recognizes the possibility that the parties may fail to agree on a compromis and provides in this contingency that if an accord has not been reached on the compromis within three months from the time the court is established, the agreement is to be formulated by the court. A somewhat similar provision in the arbitration treaties with France and Great Britain, negotiated during the Taft administration, was opposed by the Senate,

and the treaties were rejected.<sup>34</sup> In this case the treaties gave a commission of inquiry the right to determine whether a question was justiciable. The Senate argued that such authority could not be delegated to any international body.

Article 7 of the treaty provides that the award of the court is to be final, and "settles the dispute definitively and without appeal." Differences arising over interpretation of the award must be submitted to the court itself.

The treaty is to remain in force indefinitely, but may be denounced on a year's notice, at the end of which period it shall cease to be in force as regards the party which denounced it.

## RESERVATIONS TO THE TREATY

Seven countries, including the United States, signed the arbitration treaty without any reservations,35 while thirteen attached reservations of varying importance. though phrased in different language, many of these reservations excepted from arbitration disputes of the same general character. Thus ten of the thirteen delegations making reservations excepted disputes arising from cases in which the national courts are competent, except where there has been a denial of justice.36 As a general rule under international law, foreigners are required to exhaust local remedies before appealing to their own government for relief. retically, therefore, this reservation seems unnecessary. Latin American States, however, have frequently suffered from intervention resulting from claims of foreigners who have not actually exhausted legal remedies, but who have successfully contended that local remedies are no more than a travesty on justice.37 They regard this reservation as essential to assure their national sovereignty and the independence of their courts in cases involving nationals of stronger powers, particularly those of the United States.

Six countries expressly excepted all cases arising out of events or acts which took place

<sup>34.</sup> Cf. F. P. A. Information Service, Vol. III, No. 7, cited. 35. The United States, Brazil, Cuba, Haiti, Nicaragua, Panama and Peru.

Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Salvador and Venezuela.
 Cf. F. P. A. Information Service, Vol. IV, No. 17, cited.

<sup>33.</sup> Cf. p. 322-24.

prior to the coming into force of the treaty.38 This reservation excludes a great many important questions, as the majority of the most serious controversies have their roots in the past. This is particularly true in the case of boundary disputes, in which virtually every Latin American country has been involved at some time in its history. Bolivia. although it freely accepted the offer of conciliation in its boundary dispute with Paraguay, has reserved such disputes in general from arbitration. Nevertheless Bolivia apparently indicated a willingness to arbitrate this type of dispute when it made another reservation to the effect that in territorial controversies the zone to which arbitration should apply must be previously determined in the arbitration agreement. Paraguay made no reservation affecting disputes antedating the treaty, but excepted all questions affecting the integrity of its national terri-

These two categories include virtually all of the reservations made by the delegations at the time of signing. One delegation—that

of Salvador—excluded all domestic questions, eliminating even the phrase "and are not controlled by international law."

# WITHDRAWAL OF RESERVATIONS

Under the terms of the unique Protocol of Progressive Arbitration, each of these reservations may be withdrawn by the State attaching it to the treaty, and the two general exceptions in the body of the treaty may likewise be abandoned. Article 1 of the protocol provides that the parties may at any time deposit with the Department of State of the United States an appropriate instrument evidencing that it has abandoned any or all of the reservations.

The wide scope of this Inter-American Arbitration Treaty is apparent from the foregoing survey of its provisions. If ratified by all of the American republics it will constitute a material advance over previous treaties in force between the American republics.

#### ARBITRATION AND THE UNITED STATES SENATE

The arbitration policy of the United States has been shaped and in large measure dictated by the Senate under its authority to amend or modify agreements entered into by the Executive. While the Executive has shown a readiness to negotiate various types of compulsory arbitration treaties during the past thirty years, the Senate has insisted on reservations whose adoption has limited the scope of the original agreements.

No difference of opinion between the Executive and the Senate has been more important than that which concerns the submission of the *compromis* clause to the Senate. The Senate has taken the position that before resorting to arbitration in any controversy with a foreign power, the special agreement—defining the terms of reference, the subject matter in dispute and the powers of the court—shall be referred to it for advice and consent in ratification.

The Executive, while not contesting the right of the Senate to approve the *compromis* in each case, has argued that this

procedure in effect nullifies the pledge to arbitrate contained in the general treaty, inasmuch as the character of the Senate amendments may be such as to exclude from arbitration questions deemed suitable under the general treaty.

When the arbitration treaty of 1897 with Great Britain was sent to the Senate, that body inserted amendments requiring submission of the compromis to itself in each case;39 the treaty was then rejected by the When the Senate inserted a similar amendment in the arbitration treaties concluded with a number of European countries in 1904-1905, President Roosevelt withdrew the treaties and refused to put them into force, explaining in a letter to Senator Lodge that in his opinion the amendments made the treaties "shams." In effect. he said, it meant that each of the so-called arbitration treaties solemnly declare that there should be another arbitration treaty whenever the two governments decide there

<sup>39.</sup> Cf. F. P. A. Information Service, Vol. III, No. 7, cited, for full discussion of the Senate's attitude; cf. also Arbitration and the United States, World Peace Foundation pamphlets, Vol. IX, Nos. 6-7.

<sup>38.</sup> Bolivia, Chile, Colombia, Ecuador, Honduras and Sal-

should be one.40 He did not propose that the United States should be a party to such treaties. Succeeding administrations, however, reversed the Roosevelt policy, and negotiated general arbitration treaties satisfactory to the Senate. Both the Root treaties and the Kellogg treaties provided that the compromis must be referred to the Senate for advice and consent in ratification.

#### THE SENATE AS A CHECK ON THE EXECUTIVE

Various reasons have been advanced by the Senate in support of its attitude. While admitting that it may have a "moral" obligation to ratify the compromis, the Senate has steadfastly maintained its right to pass on the terms of the special agreement. The minority report on the treaties of 1904-1905 stated:

"The firm grasp upon our relations with foreign governments, placed in the hands of a minority of one-third of the Senate by the Constitution, whereby entangling alliances have often been prevented . . . is silently passing into the sole and exclusive power of the President.

"This fatal door in these conventions, through which the rightful powers of the Senate will pass into the hands of the Executive, should be closed so that a mere diplomatic agreement concluded by the President cannot bind the Government of the United States. . . . Our Government will become a true autocracy when the President is invested with this power."41

## PREROGATIVES OF THE EXECUTIVE

Despite the fear thus expressed by the Senate, the President has been permitted to negotiate a large number of agreements with the binding character of treaties in the name of the government of the United States, without submitting them to the Senate. More than fifty such agreements have been concluded in the past twenty years. These may be grouped under three general heads:

- 1. Agreements with foreign countries concluded by the Executive under the general authority conferred by a previous act of Congress.
- 2. Agreements concluded by the Executive and based on provisions of a previous treaty.
- 3. Agreements or arrangements concluded by the

Executive, usually by an exchange of notes, not based on a previous treaty or authorized by an act of Congress.

International agreements falling in the first group include a series of preliminary agreements according mutual and unconditional most-favored-nation treatment signed with Poland, Czechoslovakia, Greece, Finland, Estonia, Latvia, Haiti, Guatemala, Nicaragua and other countries between 1923 and 1925.42 These agreements were effected by exchange of notes and although not submitted to the Senate were in accord with the principle of the tariff law.

Because of obligations expressed or implied in previous treaties, the President or the Secretary of State has negotiated a number of agreements providing for the establishment of claims commissions, or for extending the duration of commissions already established.43

Many far-reaching agreements, which are not based on the provisions of an earlier treaty, nor under authority of an act of Congress, have been concluded in the past few years by the Executive without submission to the Senate. Among these may be mentioned the arrangement between the United States and Great Britain for the disposal of pecuniary claims arising out of the World War-concluded by an exchange of notes signed May 19, 1927.44 The Lansing-Ishii agreement of November 2, 1917 with Japan and the arrangement cancelling the agreement signed April 14, 1923,45 and the arrangement between the United States and Canada relating to assignment of high frequencies of radio stations on the North American continent, signed February 26 and 28, 192946 were likewise effective without submission to the Senate.

Many other similar agreements might be cited; these are sufficient, however, to indicate that the Senate has permitted the Executive a considerable amount of freedom in negotiating agreements with other coun-

<sup>40.</sup> Ibid., p. 92.

<sup>41.</sup> Senate Document No. 115, 58th Congress, 3rd Session.

<sup>42.</sup> U. S., Department of State, Treaty Series, Nos. 727, 673a, 740, 708, 722, 715, 746, 733, 700, 672, etc.

43. Among those more recently negotiated are the agreements between the United States and Germany, concluded August 10, 1922, providing for a Mixed Commission to determine the amount to be paid by Germany in satisfaction of obligations assumed in the treaty of peace with the United States (Malloy, cited, Vol. III, p. 2601). A similar Mixed Commission was established by virtue of an agreement with Austria and Hungary, on August 24 and August 29, 1921 (U. S., Department of State, Treaty Series, No. 730).

44. U. S., Department of State, Treaty Series, No. 755, 46. Ibid., No. 677.

46. Ibid., No. 677a.

tries. In fact, it has been argued that the discretion allowed the President in many of these cases greatly exceeds that which he would enjoy if he were allowed to negotiate a compromis, or special agreement under a general arbitration treaty. Moreover, it is suggested that the Senate would not be departing from a practice to which it has already given its tacit approval should it permit the Executive to negotiate the compromis without the consent of the Senate.

# PRECEDENTS FOR EXECUTIVE ACTION

A provision similar to the compromis clause of arbitration treaties is found in Article 2 of the conciliation treaty of 1923 between the United States and the five Central American republics. This article provides that in each case where a commission of inquiry has been set up, the parties in dispute "shall by common accord draw up a protocol in which shall be stated the question or questions of fact which it is desired to elucidate." Furthermore, the article provides that if the interested parties are unable to reach an agreement on the protocol. the commission "may proceed with the investigation, taking as a basis the diplomatic correspondence upon the matter which has passed between the parties."47

Despite the fact that the treaty makes no provision for referring the special protocol to legislative bodies, and gives the commission authority to proceed in the absence of an agreement, the United States Senate ratified this treaty without amendment or reservation.<sup>48</sup>

In the series of treaties for the prevention of smuggling of intoxicating liquors concluded by the United States with Great Britain, France, Germany and other countries between 1924 and 1928, provision was made for the arbitration of claims arising from the boarding of private vessels by the authorities of the United States outside the limits of territorial waters.49 No provision for submitting a special agreement or compromis to the Senate was embodied in the treaties. It is interesting to note, therefore. that in the case of the Canadian vessel, I'm Alone, which was sunk in the Gulf of Mexico by a United States Coast Guard cutter in March 1929, the State Department has not been required to submit the compromis to the Senate. The framing of the compromis in this case has been especially important in view of the far-reaching questions of international law involved in the case.

Aside from the possibility that the compromis may be mutilated or rejected outright by the legislative branch, 50 one of the principal objections raised in the United States against submitting it to the Senate in each case is the unnecessary delay which would occur when the Senate is not in session. The process of arbitration is already cumbersome, and it is argued that submission to the Senate only adds an additional and unnecessary step. Of the arbitration treaties registered with the League of Nations only two require reference to a legislature—and to both of these the United States is a party.

When the Inter-American Arbitration Treaty comes before the Senate, the debate on this and other provisions will be followed with attention and interest throughout the United States.

<sup>49.</sup> U. S., Department of State, Treaty Series, Nos. 685, 693, 698, etc.

<sup>50.</sup> Secretary Kellogg stated in 1928 that he could not recall a single case where the Senate had refused a special agreement of arbitration.

<sup>47.</sup> Ibid., No. 707.

<sup>48.</sup> Congressional Record, March 18, 1924.

#### APPENDIX

#### GENERAL TREATY OF INTER-AMERICAN ARBITRATION\*

In accordance with the solemn declarations made at said conference† to the effect that the American Republics condemn war as an instrument of national policy and adopt obligatory arbitration as the means for the settlement of their international differences of a juridical character;

Being convinced that the Republics of the New World, governed by the principles, institutions and practices of democracy and bound furthermore by mutual interests, which are increasing each day, have not only the necessity but also the duty of avoiding the disturbance of continental harmony whenever differences which are susceptible of judicial decision arise among them;

Conscious of the great moral and material benefits which peace offers to humanity and that the sentiment and opinion of America demand, without delay, the organization of an arbitral system which shall strengthen the permanent reign of justice and law:

And animated by the purpose of giving conventional form to these postulates and aspirations with the minimum exceptions which they have considered indispensable to safeguard the independence and sovereignty of the states and in the most ample manner possible under present international conditions, have resolved to effect the present treaty, and for that purpose have designated the plenipotentiaries hereinafter named:

[Here follow the names of the same plenipotentiaries as in the Protocol of Progressive Arbitration (see p. 326).]

Who, after having deposited their full powers, found in good and due form by the conference, have agreed upon the following:

## ARTICLE 1

The high contracting parties bind themselves to submit to arbitration all differences of an international character which have arisen or may arise between them by virtue of a claim of right made by one against the other under treaty or otherwise, which it has not been possible to adjust by diplomacy and which are juridical in their nature by reason of being susceptible of decision by the application of the principles of law.

There shall be considered as included among the questions of juridical character:

- (a) The interpretation of a treaty;
- (b) Any question of international law;
- (c) The existence of any fact which, if established, would constitute a breach of an international obligation:
- (d) The nature and extent of the reparation to be made for the breach of an international obligation.

The provisions of this treaty shall not preclude any of the parties, before resorting to arbitration, from having recourse to procedures of investigation and conciliation established in conventions then in force between them.

#### ARTICLE 2

There are excepted from the stipulations of this treaty the following controversies:

- (a) Those which are within the domestic jurisdiction of any of the parties to the dispute and are not controlled by international law; and
- (b) Those which affect the interest or refer to the action of a state not a party to this treaty.

#### ARTICLE 3

The arbitrator or tribunal who shall decide the controversy shall be designated by agreement of the parties.

In the absence of an agreement the following procedure shall be adopted:

Each party shall nominate two arbitrators, of whom only one may be a national of said party or selected from the persons whom said party has designated as members of the Permanent Court of Arbitration at The Hague. The other member may be of any other American nationality. These arbitrators shall in turn select a fifth arbitrator who shall be the president of the court.

Should the arbitrators be unable to reach an agreement among themselves for the selection of a fifth American arbitrator, or in lieu thereof, of another who is not, each party shall designate a non-American member of the Permanent Court of Arbitration at The Hague, and the two persons so designated shall select the fifth arbitrator, who may be of any nationality other than that of a party to the dispute.

#### ARTICLE 4

The parties to the dispute shall formulate by common accord, in each case, a special agreement which shall clearly define the particular subject-matter of the controversy, the seat of the court, the rules which will be observed in the proceedings, and the other conditions to which the parties may agree.

If an accord has not been reached with regard to the agreement within three months reckoned from the date of the installation of the court, the agreement shall be formulated by the court.

#### ARTICLE 5

In case of death, resignation or incapacity of one or more of the arbitrators the vacancy shall be filled in the same manner as the original appointment.

<sup>\* &</sup>quot;Official Documents," American Journal of International Law, April 1929, p. 82-90.

<sup>†</sup>The Conference on Conciliation and Arbitration assembled at Washington December 10, 1928.

#### ARTICLE 6

When there are more than two states directly interested in the same controversy, and the interests of two or more of them are similar, the state or states who are on the same side of the question may increase the number of arbitrators on the court, provided that in all cases the parties on each side of the controversy shall appoint an equal number of arbitrators. There shall also be a presiding arbitrator selected in the same manner as that provided in the last paragraph of Article 3, the parties on each side of the controversy being regarded as a single party for the purpose of making the designation therein described.

#### ARTICLE 7

The award, duly pronounced and notified to the parties, settles the dispute definitively and without appeal.

Differences which arise with regard to its interpretation or execution shall be submitted to the decision of the court which rendered the award.

#### ARTICLE 8

The reservations made by one of the high contracting parties shall have the effect that the other contracting parties are not bound with respect to the party making the reservations except to the same extent as that expressed therein.

#### ARTICLE 9

The present treaty shall be ratified by the high

contracting parties in conformity with their respec-

The original treaty and the instruments of ratification shall be deposited in the Department of State of the United States of America which shall give notice of the ratifications through diplomatic channels to the other signatory governments and the treaty shall enter into effect for the high contracting parties in the order that they deposit their ratifications.

This treaty shall remain in force indefinitely, but it may be denounced by means of one year's previous notice at the expiration of which it shall cease to be in force as regards the party denouncing the same, but shall remain in force as regards the other signatories. Notice of the denunciation shall be addressed to the Department of State of the United States of America which will transmit it for appropriate action to the other signatory governments.

Any American state not a signatory of this treaty may adhere to the same by transmitting the official instrument setting forth such adherence to the Department of State of the United States of America which will notify the other high contracting parties thereof in the manner heretofore mentioned.

In witness whereof the above mentioned plenipotentiaries have signed this treaty in English, Spanish, Portuguese, and French and hereunto affix their respective seals.

Done at the city of Washington, on this fifth day of January, 1929.

#### PROTOCOL OF PROGRESSIVE ARBITRATION

Whereas, a General Treaty of Inter-American Arbitration has this day been signed at Washington by plenipotentiaries of the Governments of Venezuela, Chile, Bolivia, Uruguay, Costa Rica, Peru, Honduras, Guatemala, Haiti, Ecuador, Colombia, Brazil, Panama, Paraguay, Nicaragua, Mexico, El Salvador, the Dominican Republic, Cuba, and the United States of America;

Whereas, that treaty by its terms excepts certain controversies from the stipulations thereof:

Whereas, by means of reservations attached to the treaty at the time of signing, ratifying or adhering, certain other controversies have been or may be also excepted from the stipulations of the treaty or reserved from the operation thereof;

Whereas, it is deemed desirable to establish a procedure whereby such exceptions or reservations may from time to time be abandoned in whole or in part by the parties to said treaty, thus progressively extending the field of arbitration;

The governments named above have agreed as follows:

#### ARTICLE 1

Any party to the General Treaty of Inter-American Arbitration signed at Washington the fifth day

of January, 1929, may at any time deposit with the Department of State of the United States of America an appropriate instrument evidencing that it has abandoned in whole or in part the exceptions from arbitration stipulated in the said treaty or the reservation or reservations attached by it thereto.

#### ARTICLE 2

A certified copy of each instrument deposited with the Department of State of the United States of America pursuant to the provisions of Article 1 of this protocol shall be transmitted by the said Department through diplomatic channels to every other party to the above-mentioned General Treaty of Inter-American Arbitration.

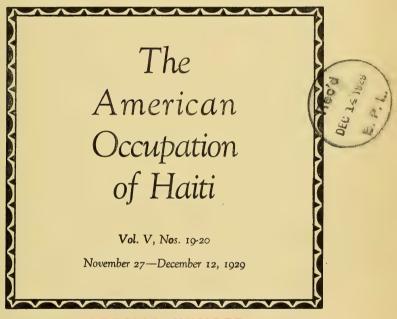
In witness whereof the above-mentioned plenipotentiaries have signed this protocol in English, Spanish, Portuguese, and French and hereunto affix their respective seals.

Done at the city of Washington, on this fifth day of January, 1929.

[Here follow the signatures and seals of the same plenipotentiaries who signed the General Treaty of Inter-American Arbitration.]

# FOREIGN POLICY ASSOCIATION

# Information Service



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## THE AMERICAN OCCUPATION OF HAITI

bı

RAYMOND LESLIE BUELL with the aid of the Research Staff of the Foreign Policy Association

# PART ONE PRE-WAR HAITI

THE island of Haiti is the second largest I in the Caribbean. The western third is occupied by the Republic of Haiti, and the remaining two-thirds by the Dominican Republic.1 Haiti has a population of about 2,500,000, composed of descendants of African slaves brought to the island by French With 250 inhabitants to the colonists. square mile, Haiti is, next to Porto Rico, the most densely populated territory in the Caribbean. About 90 per cent of the people dwell in the country and derive their living from a primitive agriculture. Coffee is the principal export, being more important than all other exports combined. While the official language of the island is French, the Haitian peasant speaks Creole, which is a French and African patois. French cultural influence is strong in the towns. Although Catholicism is "especially protected" in Haiti, the peasants are said to be addicted to a form of voodooism, such as is found among many primitive peoples.2

To understand the difficulties which confronted the Republic of Haiti between 1804 and 1915, it is necessary to refer to Haitian history, which is as vivid as that of any people in the world. The original inhabitants of Haiti were Indians. Spanish colonists, who occupied the island following its discovery by Christopher Columbus in 1492, soon reduced this population to slavery. Alarmed by reports of cruelty, Queen Isa-

bella sent Bishop Las Casas to Haiti, or Hispaniola as it was then called, as protector of the Indians. In order to secure a more adequate labor supply, the Spanish authorities started to import African slaves in 1503. This traffic continued for several hundred years, with the result that by 1800 the Indians had become extinct and the population had become predominantly black.

By the treaty of Ryswick of 1697 Spain ceded the western part of Haiti to France, which ruled it without difficulty until 1789 under the name of Saint Domingue. In the latter year the white population was about 40,000; in addition there were 28,000 freedmen and half a million slaves. During the eighteenth century French planters developed estates (habitations) of sugar, indigo, cacao and coffee, and soon became wealthy. The French government constructed irrigation works and excellent roads. It was in this period that French culture began to flourish in the towns.

While in some respects life in Saint Domingue was gay, it was also profligate and cruel. Concubinage and prostitution were widespread and a mulatto population soon arose. The economic system, moreover, was based on slave labor. Offenses committed by slaves were often punished with terrible penalties; in some cases Negroes were thrown into boiling water or into fire; in other cases they were buried alive. They were not allowed to develop family life, nor were they given any education.

<sup>1.</sup> The Dominican Republic and Haiti were united between 122 and 1844. The boundary line between the two countries continued to be an outstanding issue after their separation; it was estiled only in 1923. Treaty of January 21, 1929. Le Wositeur, February 12, 1929.

<sup>2.</sup> Cf. W. E. Scabrook, The Magic Island; Sir Spencer St. John, Hayti, or the Black Republic (1889), Chapter V.

Originally these Indians were divided into five kingdoms, or caciouts. The name oaco may have been derived from escietis. T. Madiou, Histoire a'Healt, Vol. I, p. 3. This histerias states that the population of Haiti was reduced from sere than a million to 60,000 in sixteen years.

Dantès Bellegarde, "L'Esclavage et le Trafic des Noirs dans l'Ile d'Halti," Pages d'Histoire, Port-au-Prince, 1925.

<sup>5.</sup> J. N. Leger, Haiti: Her History and Her Detractors, p. 41.

W. Bellegarde and J. Lhérisson, Manuel d'Histoire d'Haîti,
 p. 53.

## HAITI BEFORE THE AMERICAN OCCUPATION

Under Toussaint Louverture, originally a plantation slave, the Negro population revolted in 1791 and drove the French planters into the sea. After he had defeated a French attempt to re-establish authority. General Dessalines in 1804 proclaimed the independence of Saint Domingue under the Indian name of Haiti. This thirteen-year period of revolution, entailing the ejection of European landlords and the freeing of slaves, severely shook the economic and political foundations of the island. During the first thirty-four years of its independent existence. Haiti lived under the fear of the return of France. A large part of Haitian revenues went to pay the French debt and to maintain an army. The export of indigo and sugar virtually came to an end, leaving coffee the chief article of foreign commerce.

In judging the history of the Haitian Republic between 1804 and 1915, it is necessary to remember the origin of the Haitian people. The case of Haiti seems to be the only one in modern history in which a Negro population, previously subjected to a slave system marked by terrorism and brutality. has suddenly been obliged to organize a government and an economic system of its own. In view of this historic background. it is perhaps remarkable not only that the Haitian peasant should possess the qualities of gentleness, charm and hospitality so frequently attributed to him,7 but also that the Haitian people should have been able to maintain an independent existence for a hundred years-i. e., until 1915.

## DICTATORIAL GOVERNMENTS

Between 1804 and 1889 Haiti had ten Constitutions;<sup>8</sup> the Constitution adopted in the latter year remained in force until after the American occupation in 1915. Except for two so-called empires under Dessalines and Soulouque, Haiti has professed a republican form of government. The 1889 Constitution provided for a government similar to that of France. The President was elected

7. Cf. General Butler's testimony, Inquiry into the Occupation of Haiti and Santo Domingo, Senate Hearings, 67th Congress, 1-2 Sessions, 1922, (hereafter cited as Inquiry), p. 61.

8. Between 1781 and 1875 France had twelve Constitutions. Léger, op. cit., p. 340.

for seven years by the National Asssembly (the Chamber and Senate meetings together); he was not immediately eligible for re-election. The President governed through a Cabinet responsible to a Chambeer of Representatives elected by manhood sufrage, and to a Senate indirectly elected. The French codes and the French system of justice were followed. 19

While in theory the Haitian government was parliamentary, in practice it was dictatorial. The term of a President depended not so much upon the Constitution as upon his military power. Between 1807 and 1915 Haiti had twenty-four Chiefs of State. Seventeen of the twenty-four Presidents of Haiti were deposed by revolution. Only two of the twenty-four retired peacefully.

Some of the Haitian revolutions were caused by real grievances, as in the case of the revolutions of 1843 and 1859. Otthers were caused by the personal ambition of a general or the mutual hatred of facttions. As a rule revolutions started in the morth. near Cap-Haitien. In the neighboring | hills lived organized native bands, or cacos, v who were willing to place their services at t the disposal of any revolutionary leader wwho would meet their terms. The cacos wwere called the king-makers of Haiti.14 Under the leadership of a revolutionary general, they would march upon Port-au-Prince, and if the President did not have the force to ressist them he would resign. The revolutionaary general would then convene the Naticonal Assembly for the purpose of securing his own election to the Presidency. In soome cases caco soldiers sat in the gallery of t the legislative hall and pointed their guns; at deputies as they rose to state their choice. 18

The Chief Executive of Haiti receivedd a salary of \$24,00016—an attractive sum inn a

<sup>9.</sup> Cf. H. Pauléus-Sannon, Haîti et le Régime Parlémémentaire, Parls, 1898; J. B. Dorsainvil, Eléments de Droit Consinstitutionnel, Paris, 1912.

<sup>10.</sup> The territory was divided into five departments, 27 27 arrondissements, about a hundred communes and about it 500 rural sections.

D. Bellegarde, Pour Une Haiit Heureuse, Vol. I, p. p. 98.
 For the list, cf. H. P. Davis, Black Democracy, p. 3. 338.
 Mr. Léger points out, however, that between 1800 and 11 1900
 France had eighteen rulers—the same number as Halli deriuring this period. Haiti, op. cit., p. 338.

<sup>13.</sup> Davis, op. cit., p. 338.

<sup>14.</sup> General Waller, Inquiry, p. 609.

Admiral Caperton, Inquiry, p. 280.
 Article III. Constitution of 1889.

country having an unusually low standard of living. Once in office the President usually became a dictator, as many Haitian writers admit. Haitian Presidents felt it necessary to control elections so as to secure the continuance of their government in power.<sup>17</sup> The clique surrounding the President usually regarded the government as a source of financial profit. Financial mismanagement seemed chronic, graft was widespread.

Because of the bloody origin of the republic and its subsequent disordered history, a military class became predominant. With one or two outstanding exceptions, such as Michel Oreste, most of the Presidents of Haiti before 1915 were generals, and military officers were used throughout the administration of the country. Living under

a virtually military régime, the people of Haiti were subject to a constant series of exactions. Service in the army was obligatory. 

It was necessary to obtain a pass to go from one part of the country to another.

In 1922 the United States Senate Committee investigating Haitian affairs described the plight of the country in the following terms:

"Before American intervention there had been no popular representative or stable government in Haiti. The public finances were in disarray, public credit was exhausted, and the public revenues were wasted or stolen. The people, most of whom lived in wretched poverty, were illiterate and spoke no other language than the native Creole. The country and its inhabitants have been a prey to chronic revolutionary disorders, banditry, and even during the periods of comparative peace to such oppressive and capricious governors, that the great mass of the people who, under happier circumstances might have become prosperous peasant farmers, have had neither

opportunity nor incentive to labor, to save, or to learn. They had no security for their property and little for their lives. Voodoo practices, of course, were general throughout the territory of the Republic." 19

## ECONOMIC CONDITIONS

The export and import trade of the island, moreover, was low, equalling only about one-tenth of the foreign trade of Cuba. Coffee, the predominant export, was not cultivated as it had been on the old French plantations, but was for the most part gathered from wild trees that had sprung from stock planted by the French colonists a century before. Statistics quoted by Mr. J. N. Léger, on the other hand, have purported to show

that the export of coffee, cacao, logwood, lignum-vitae and mahogany was greater in 1906 than in "the most prosperous period of the French domination."21 In 1906 Haiti exported 86,000,000 pounds coffee, 18,000,000 pounds more than in 1790. Mr. Léger admits that Haiti had ceased to export sugar, but states that this was due to the fact that the sugar industry



Haiti and the Caribbean

required large sums of capital which Haiti did not possess.

Haitian sugar production has also been injured by the tariff policy of the United States, which has favored Cuban sugar.<sup>22</sup> It is significant, moreover, that the sugar industry in the British West Indies has de-

<sup>17.</sup> Bellegarde, op. cit., Vol. I, p. 349.

<sup>18.</sup> The army law of October 16, 1912, which called for an army of 50,000 men, required two years' active service in the army. Mathon, Annuaire de Législation Haitienne, 1912, p. 130.

<sup>19. &</sup>quot;Inquiry into Occupation and Administration of Haiti and the Dominican Republic," Report of the Senate Investigating Committee, No. 794, 67th Congress, 2nd Session, p. 5.

<sup>20.</sup> In 1925 Haiti had the lowest per capita foreign trade of any American country (\$19.51). Cf. p. 350; also F. P. A. Information Service, Vol. 1II, No. 23, "Mexico, the Caribbean and Tacua-Arica," p. 376.

<sup>21.</sup> Léger, op. cit., p. 294.

<sup>22.</sup> F. P. A. Information Service, Vol. V, No. 6, "Sugar and the Tariff," p. 110.

clined, this circumstance being attributed to general over-production throughout the world.

It is the opinion of many observers that the development of the sugar industry in Cuba and Porto Rico, causing the transfer of vast areas of land to foreign corporations, has worked injury to the native populations. The Haitian Constitution and general political conditions prevented Europeans from acquiring native land to any considerable extent in that country. Haitian peasants thus lived a relatively selfsufficient existence, while maintaining an economic standard probably as high as that of the peasants in neighboring islands.23 While the Haitian peasant remained illiterate and superstitious, he carried himself with a dignity and racial pride usually lacking among Negroes dominated by whites, and he seemed remarkably happy and contented except when oppressed by military exactions.

### **EDUCATION AND** THE HAITIAN ELITE

In theory the Haitian people recognized the importance of education, which the Constitution made compulsory. In 1895 the government maintained 773 schools, having 44,542 students out of a potential school population of about 350,000. About the same number was enrolled in 1913.

The country supported a medical school and a national law school, while in general the government attempted to follow the principles of the French educational system. At times graduates of Haitian lycées were well enough instructed to enter classes in French universities upon the same basis as graduates of French lycées.24

Important educational work was, moreover, carried on by Catholic schools. As a result of agreements with the Vatican in 1860 and 1862,25 the Catholic Church opened a number of schools in Haiti, including a Petit Séminaire. In return the Haitian n government agreed to pay certain salaries s and to give certain scholarships. A number of teaching congregations, such as the Frèrères de l'Instruction Chrétienne, now opeened schools. In 1912 the government andi the Church made a new agreement providing for the establishment of "presbyteral schools." located in remote country districts. Ift is estimated that church schools have educaated about one-fourth of the literate populaation of Haiti.26 Before the World War there were about 700 French priests and lay wworkers in Haiti.27 A few Protestant bodies s also carried on certain educational work.

In spite of the inadequacy of educatitional facilities, there grew up in time in the towns a small educated class, some of whose menembers achieved distinction. Justin Dévot t and Elie Dubois were Haitian sociologists; and educators of importance. The historical wwritings of Ardouin and Madiou compare favvorably with the work of historians of otther countries. In the veins of Alexandre Dummas flowed Haitian blood. The works of moddern Haitian writers have won the prizes of t the French Academy. Mr. Léger states:

"The sons of the former slaves are today le lawyers, doctors, surgeons, architects, engineeeers, sculptors, chemists, skilled artisans, shrerewd business men; some of them, without being mmultimillionaires, live on large incomes."28

Nevertheless, Haitians themselves realizized that their educational system possessesed grave defects. Teachers were usually pipolitical appointees, some of whom were even The government owned i few illiterate. school buildings, but instead rented hououses from favorites, which was a source of graraft. Teachers were paid low salaries-in sosome cases less than five dollars a month; a and frequently these salaries were in arrears. s. In 1906 rural schools had to close because se of inadequate appropriations for rent; a and even in the case of city schools the governernment appropriated only 1.20 gourdes (ababout 30 cents) monthly per school for school materials, including books.29

<sup>23.</sup> Opinions on this point differ, but it is undeniable that the peasants of Forto Rico and Cuba are extremely impovershed. Cf. F. P. A. Information Service, Vol. IV, No. 23, "The Problem of Porto Rico," and Vol. V, No. 6, cited, p. 116.

Rayford Logan, Education in Haiti (unpublished thesis), p. 33.

<sup>25.</sup> Concordat of March 28, 1860, Convention of June 17, 1862, Rapport de M. Louis Borno, Négociations Diverses, Récla-mations et Litiges, 1916 (hereafter cited as Borno Report). p. 288.

<sup>26.</sup> Logan, op. cit., p. 49.

<sup>27.</sup> The number of Catholic clergy in Haiti, as of Janfanuary 15, 1928, was 685, including lay brothers and slaters. Of Of this number several were Haitians. Bulletin de la Quinscine, 16, Jan-uary 5, 1932.

<sup>28.</sup> Léger, op. cit., p. 372.

<sup>29.</sup> Logan, op. cit., p. 38.

Moreover, education was confined largely to the towns and was literary in nature. Although Haiti is an agricultural country, the government made little effort to establish a system of agricultural and vocational education. The educational system may have produced a Haitian élite, but it did little for the peasant population. In fact it seemed to create a gulf between the literate population of the towns and the superstitious, primitive peasants in the country. It is esti-

mated that after a century of independence between 75 and 98 per cent of the population was illiterate.<sup>20</sup>

Thus, because of a defective educational system, because of the absence of strong economic groups interested in maintaining stability, and for other reasons, the history of Haiti was one of frequent revolutions, a small foreign trade, and chronic financial difficulty.

## FOREIGN INTERESTS IN HAITI

Naturally these conditions were displeasing to the several hundred foreign traders in the Haitian cities, who were largely of French, German, Dutch and Syrian origin.31 Nevertheless, there does not seem to have been any case in which a foreigner lost his life as the result of a Haitian revolution. One of the leading American business men in Haiti has declared, "I have been through while the revolutions were on, and a white man was not molested."32 General Cole of the United States Marines has also testified that Haitians have "been very careful in all their revolutionary activities not to direct them against the property of foreigners or against the lives of foreigners."33 In fact, the belief has even been expressed that foreigners actively instigated revolution.34 A writer states that during one revolution foreign merchants actually encouraged the pillaging of their own warehouses so as to give them a pretext to make demands for excessive compensation.<sup>35</sup>

Yet foreigners were affected by Haiti's financial difficulties, which involved an internal and a foreign debt. Since about 95 per cent of the public revenue came from customs-a source of income which fluctuated with trade-the government funds could not be accurately estimated. Uncertainty was increased by the confusion and dishonesty which existed in connection with the collection and expenditure of revenue. In order to meet unpaid bills and to pay the debt to France, the government in 1826 began to issue paper money. In the absence of ready cash, it frequently resorted to the expedient of issuing certificates of indebtedness to government clerks. Unable to wait for the redemption of such certificates, many employees were obliged to sell their "chits" to foreign and native speculators at a discount sometimes of 50 or 60 per cent.36 Internal bond issues, or "revolutionary" loans, were also issued at a heavy discount, and purchased often by foreign firms.27

During the three years preceding 1915, the Haitian government floated three internal loans of a gold value of nearly \$2,900,000 at the rates of 59, 56 and 47; by the end of this period it had defaulted on

30. Inquiry, p. 86, 1471. One Financial Adviser puts the figure at 90 per cent. Annual Report of the Financial Adviser-feneral Receiver, 1927-1928 (hereafter cited as Financial Adviser), p. 91.

<sup>31.</sup> In 1912 the Haitian government enforced legislation which had the effect of forcing Syrian traders, engaged largely in the retail trade, to leave the country. This action led to protests of foreign governments. (Foreign Relations of the Build States, 1912, p. 623 ft.) In May 1912 the French cruiser Descarcies arrived to protect Syrians, who were then of Turkish nationality. In 1913 the American Minister reported that some expelled Syrians who had gone to Jamaica were exporting a revolutionist group in Haiti which promised that if he revolution were accessful the Syrians could return the production of the Syrians could return was criticized by one writer as harmful to the economic bisress of the country. (C. Vorbe, Economic et Finances Baitiennes, Port-au-Frince, p. 32.)

<sup>32.</sup> Mr. R. L. Farnham, Inquiry, p. 114.

<sup>32.</sup> Ibid., p. 673.

<sup>34.</sup> Bid., p. 110, 157, 518. Secretary Lansing declared, "It has been the established belief of most Americans who have been in Haitl, and of American officials who have been combinant of Haitlan affairs during the past decade, that the majority of these revolutions have been financed in the north of Haitl by German merchants, who could expect sufficient financial advantages from the success of the revolution to warrant the initial outlay." (Letter of May 4, 1922, Report of the Sender Investigating Committee, No. 794, tited, p. 85.)

<sup>35.</sup> Dr. Karl Kelsey, "The American Intervention in Haiti and Santo Domingo," reprinted in Inquiry, p. 1308.

<sup>36.</sup> Inquiry, p. 620. For a similar practice in Liberia, cf. R. L. Buell, The Native Problem in Africa, Vol. II, p. 798.

<sup>37.</sup> Davis, op. cit., p. 150. Cf. the law of August 23, 1911 in regard to the settlement of debts in arrears (Mathon, Annuarire de Législation Hoštienne, 1908-1911, p. 129).

salaries to the extent of more than \$1,100,-000, and had borrowed \$1,733,000 from the Bank of Haiti.<sup>38</sup>

### FOREIGN LOANS

In addition to incurring these internal obligations, the Haitian government between 1825 and 1910 contracted a number of foreign loans from French banks, out of which grew a large number of difficulties. Since these financial transactions, involving the establishment of the National Bank, undoubtedly influenced the course of Haiti's history and in one sense provoked the American intervention in 1915, they will be discussed in some detail.

These difficulties go back to 1825 when France recognized the independence of Haiti on the double condition that the latter should pay an indemnity of 150,000,000 francs for the loss of the French plantations and that French imports should be charged only half the ordinary duties. The former sum was beyond the capacity of Haiti to pay, and although to meet a portion of it the government contracted a loan from a Paris firm for 30,000,000 francs,39 service of the loan soon fell in arrears. In 1838 France recognized the independence of Haiti unconditionally and reduced the indemnity from 150,000,000 to 60,000,000 francs.40 Haiti thereby became liable for the so-called double indemnity, the original 30,000,000 franc loan plus the 60,000,000 francs still due-a total of 90,000,000 francs. This debt was finally paid off in 1888.

In September 1874, in order to pay off the floating debt, the Haitian government signed a loan contract with local merchants, acting upon behalf of a Paris banking firm, for a loan of 10,000,000 francs. Under the terms of this famous Domingue Loan, the local merchants were to receive a commission of  $3\frac{1}{2}$  per cent, while all general revenues of the republic were pledged to pay for

the loan—especially the export duty on coffee, which was fixed at \$2.50 a hundred pounds.<sup>41</sup> The bankers made no move to advance the funds, however; and, believing that the agreement was in default and that the terms were too severe, the National Assembly in February 1875 set aside the contract and authorized a new loan.

The very next day the Paris bankers holding the first contract announced that bonds would be issued the following month. This was done, the bonds amounting to 14,500,-000 francs, although in accordance with the contract only 10.000.000 francs were actually turned over to Haiti. Haiti did not receive cash for this amount, but rather old Haitian bonds which the bankers had bought up at a discount. Disgruntled by the terms of this first transaction, the Haitian government in March 1875 entered into a contract with a second firm of Paris bankers for a loan of 50,000,000 francs, out of which the bonds of the first loan would be repaid, while the remainder would be devoted to public works and other purposes. This loan turned out to be even less satisfactory than the earlier one. The Crédit Général in Paris was able to sell bonds only to the nominal value of 36.500.000 francs. As subscribers paid only 430 francs for a 500-franc bond, the actual yield to the bankers was only 31,359,-470 francs. Under the contract with the Haitian government the Crédit Général could retain 130 francs of profit out of each 430 francs subscribed, with the result that for the nominal issue of 36,500,000 francs the Haitian government itself only received 21,-800,000 francs. Out of this sum it paid 14,500,000 francs owed on the first loan and used 1,500,000 francs for the first interest and sinking fund payments on the second loan. The balance of 5,800,000 francs was paid out to various individuals in return for alleged services.42 Thus, as a result of this entire transaction, the Haitian government contracted an indebtedness of 36,500,000 francs, but in return it received only the sum of 10,000,000 francs in the form of old Haitian bonds. The remaining 26,000,000 francs went in commissions to banks and in bonuses to investors and to government

<sup>38.</sup> Report of the Benate Investigating Committee, No. 794, p. 9. Haillans declare that these conditions were caused partly by the attitude of the National Bank and that of the State Department. Cf. p. 340,

<sup>39.</sup> Of this amount Haiti realized only 24,000,000 francs. For the Ordonnance of April 17, 1835, cf. Léger, Recueil des Traités et Concentions de la République d'Haiti (1891), p. 2. Haiti accepted this treaty under fear of attack by French warships which were in the Port-au-Prince harbor at the time

<sup>40.</sup> Léger, Recueil, p. 23-26.

<sup>41.</sup> Article 5, Contract of September 9, 1874.

<sup>42.</sup> For the details, cf. a brochure by an anonymous author, Les deux Emprunts d'Haïti, Les Résponsabilités; also J. C. Dorsainvil, Cours d'Histoire d'Haïti, p. 107.

favorites. Little if anything went to productive purposes. So scandalous was this transaction that the succeeding Saloman government talked of repudiation. In 1881 the French bankers agreed to reduce the debt from 36,500,000 francs to 21,000,000 francs.

## FOUNDING OF THE NATIONAL BANK

In 1880 the Haitian government sanctioned the establishment by French capital of the National Bank of Haiti. This bank was authorized to act as the government treasury-i. e., it accepted deposits of public funds and made payments at the direction of the government. Upon several occasions the bank became implicated in conspiracies to defraud the Haitian people.43

Through the bank Haiti contracted a third foreign loan in 1896 for the purpose of paying off the floating debt and retiring paper money. Although the nominal amount of the loan was 50,000,000 francs, its yield was only 40,000,000 francs. In spite of the loan, paper money grew in volume, and in 1910 the Haitian government decided to contract a fourth loan. This loan was issued by the Banque de l'Union Parisienne, which in the same year acquired the National Bank of Haiti. The loan amounted nominally to 65,000,000 francs at 5 per cent; Haiti realized from it only 47,000,000 francs, however.44 It is reported that the French bank allowed about 5,000,000 francs to be distributed among Haitian officials in return for the loan.45

The outstanding balance of Haiti's foreign loans of 1875, 1896 and 1910 at the time of the American occupation was approximately 121,000,000 francs, or about \$24,000,000.46 Including the internal debt and floating obligations, the total Haitian debt (as of 1919) was about \$35,855,000. Little of the money represented by this debt had been used for productive purposes. In 1913-1914 about four-fifths of the customs revenues of Haiti went to the service on the external and internal debt.47 Moreover, the government had been obliged to pledge import and export duties in guarantee of debts. Thus the total export duties on coffee-assigned to three loans and many internal obligationscame to \$3.31 1/3 a hundred pounds.48

While the internal situation was critical. Haiti was not in default upon interest payments of any foreign loan at the time of the American occupation in 1915 and this despite the fact that the outbreak of the World War had severely crippled Haitian trade with France.49 The Senate Investigating Committee declared that the "Haitian government exerted itself to an extraordinary degree to maintain the service of its foreign debts." Payments on the sinking funds of several loans were, however, in arrears.50

## THE 1910 REORGANIZATION

At the same time that the 1910 loan was contracted the Haitian government entered into an agreement with the Banque de l'Union Parisienne for reorganizing the National Bank, which had practically failed. The contract provided for the establishment of a bank-which was to be a French stock company-having a capital of 20,000,000 francs. For a period of fifty years the bank was given a monopoly of the issuing of paper money, 6,000,000 francs being the maximum allowed. The bank was not required to maintain the customary reserve. During the life of the contract, the government could not issue any paper or nickel money; and provision was made for the retirement of government notes and their replacement with the bank's notes. The bank was also given complete authority in regard to the coinage of subsidiary currency. It was given the treasury service of the government and was paid a commission of one per cent on government sums deposited, one-half of one per cent on sums paid out, and an additional one-half of one per cent upon payments made in foreign countries. The normal commission annually collected by the bank from the government amounted to about \$100,000 a year.

Léger, op. cit., p. 240; also L'Affaire de la Consolida-tion, Documents et Pièces Judiciaires, Port-au-Prince, 1907.
 The contract was approved on October 25, 1910. Mathon, Annuaire de Législation Haitienne, 1908-1911, p. 185.

<sup>45.</sup> Davis, op. cit., p. 145; Kelsey, Inquiry, p. 1308.

<sup>48.</sup> Inquiry, p. 1226. 47. Inquiry, p. 1232.

<sup>48.</sup> Cf. the tables, Report of the Senate Investigating Committee, No. 794, p. 28.

49. While at the outbreak of the war several European countries declared a moratorium, Halti did not do so. Haltian interest payments were suspended, however, at the time of the American occupation. Cf. p. 389.

50. Report of the Senate Investigating Committee, No. 794, p. 8. The loan of 1875 to the extent of 10,539,120 francs, the loan of 1885 to the extent of 1,142,000 francs and the loan of 1910 to the extent of 359,500 francs, made a total of 12,040,620 francs. francs. Inquiry, p. 1226.

The bank was not obliged to pay any interest upon credit balances of the government. Disputes were to be decided by arbitrators, one to be named by the government, the other by the bank. In case of difference of opinion, a third arbitrator was to be named by the Hague Court of Arbitration. All diplomatic intervention was formally forbidden.<sup>51</sup>

## AMERICAN PROTEST AND PARTICIPATION

In a memorandum of October 1910 the United States protested against "the establishment in Haiti of a monopoly which excluded American enterprises." The United States believed it was very unwise for the Haitian government to place in the hands of private companies sovereign powers, because if these powers were not properly exercised or if their exercise became unduly onerous for the Haitian government, the latter could not undertake to redress abuse "without running the risk of a diplomatic interven-The bank commission and other privileges were regarded as excessive. Altogether the United States expressed "its entire disapproval" of the proposed contract, "so prejudicial to American interests. so disastrous to the sovereignty of Haiti and so unjust in its operations in regard to the people and government of Haiti."52

At this juncture Secretary Knox requested several New York bankers to visit him to discuss the National Bank of Haiti. As a result of his intervention, the French company consented to allow the National City Bank of New York, Speyer and Company, Hallgarten and Company and Landeburg, Thalmann and Company each to become subscribers of 2,000 shares of the capital stock. A German bank also acquired 2,000 shares. Thus a total of 10,000 shares out of the 40,000 shares of capital stock passed to non-French hands.53 Although three Americans became directors, the bank continued to be administered from Paris. There was an advisory committee in New York, however, while an American was viceThe onerous terms of the bank contract were not, however, modified, and the chief result of Secretary Knox's protest was that American bankers secured a share in the profits.

## THE RAILWAY CONCESSION

A second foreign concern of importance in Haiti was the Compagnie Nationale des Chemins de Fer d'Haïti. In 1910 the government revised certain contracts issued in 1905 and 1906 for railway construction. In the new contract it agreed to guarantee the payment of 6 per cent interest upon bonds issued to finance the construction of a railway from Port-au-Prince to Cap-Haitien, up to a maximum of \$20,000 a kilometre.55 In return the railway company, which represented American interests, agreed to build the railway within five years "under penalty of foreclosure" except in case of force majeure. After twenty years the Haitian government would have the right to repurchase the road. It was agreed that in no case were differences in interpretation of the contract to give rise to diplomatic intercourse.

At the same time the Haitian government granted to Mr. J. P. McDonald, who backed the National Railroad project, a fifty-year concession for raising bananas on all the unoccupied public land for twenty kilometres on each side of the railway. For fifteen years, moreover, Mr. McDonald was given a monopoly upon the export of bananas. He received the right to import certain materials free of duty. In return he promised to pay a dollar a carreau for land actually acquired: he promised also to pay an export tax of two cents a banana stem, and to guarantee that the total tax would amount annually to \$200,000-a sum which would offset the railway guarantee. The contract provided that three-fourths of the personnel employed by him should be Haitians. It was stipulated that any difficulties should be settled by the Haitian courts.56

president and an American was manager of the bank in Haiti.<sup>54</sup>

<sup>51.</sup> Article 23, "Contrat de Concession par l'Etat d'Haîti à la Banque de l'Union Parisienne," Mathon, Annuaire de Législation Haitienne, 1908-1911, p. 164. Approved October 25, 1910.

<sup>52.</sup> The French text of this note is printed in the Borno Report, p. 165.

<sup>53.</sup> R. L. Farnham, Inquiry, p. 106.

<sup>54.</sup> Mr. John Allen was manager between 1911-1914; ha was succeeded by a French manager, while an American became assistant manager. Mr. R. L. Farnham was vice-president of the bauk.

<sup>55.</sup> Contract of April 10, 1910, Mathon, Annuaire de Législation Haîtienne, 1908-1911, p. 51.

<sup>56.</sup> Ibid., p. 62.

It is charged that these contracts were secured by means of bribery.57 They soon proved to be so unpopular that they were used by the revolutionary leaders in 1911 to incite the people against the Simon gov-This antagonism continued during the two following years.58 Meanwhile, ownership of the railway concession passed to the Grace Syndicate. 59 About two-thirds of the bonds issued by the railway (amounting to about \$3,500,000) were held in France.

In 1913 the company completed three sections of the road, totalling 103 kilometres in length; but the government refused to accept these sections on the ground that the work was "defective" and "ridiculous."60 The railway management was also charged with extravagance.

The company next appealed to the State Department, which induced the Haitian government to accept the sections and to guarantee the railway bonds issued thereon. In August 1914, the Haitian government declined to make the payment due,61 on the ground that the treasury was empty and that the company had not lived up to its contract. About the same time it also served notice on the company that it would take possession of its property on the ground that while the company should have delivered under its contract eleven sections of the road, it had delivered only six.62 The company claimed that it had been obstructed in its work by revolution and that its property had been destroyed. Although in its contract it had promised not to have recourse to diplomatic intervention in case of dispute with the Haitian government, the company again asked the assistance of the State Department, and on September 23, 1914 Secretary of State William Jennings Bryan sent a note to the American Minister at Port-au-Prince, declaring that if the Haitian government took possession of the property, the United States would take such measures for safeguarding the rights of the company as it might deem necessary.63

Although the Haitian government declared that under the terms of the contract diplomatic intervention was inadmissible, it agreed as an international courtesy to suspend foreclosure proceedings for a time. It also offered to arbitrate the dispute in accordance with the terms of the contract. Meanwhile, the internal situation grew worse, and when the United States intervened in the following July, the railway question was still pending.64

## HAITI'S STRUGGLE WITH THE BANK

For many years prior to its reorganization in 1910, the National Bank of Haiti was regarded by some critics as an instrument which hampered the development of the country. It speculated heavily in exchange, reaping large profits from the peasants in need of gourdes at the time of the coffee crop. Officials of the bank had moreover been implicated in a number of fraudulent transactions. When the 1910 reorganization plan increased the privileges of the bank, some Haitians feared (as did the American State Department (5) that the power of the bank over Haitian life might be exercised more harmfully than ever.66

In accordance with the loan contract of 1910, the bank was to have devoted 10,000,-000 francs of the loan to monetary reform, i. e., for the retirement of government fiduciary money. Differences now arose, however, between the bank and the government over the rate of retirement. The Haitian authorities wished to fix the value of the gourde at 3.50 or four to the dollar; the bank insisted on five. The Haitian government believed, moreover, that it would be impossible to bring about the retirement of all fiduciary money immediately. quently it enacted a law in 1912,67 providing

<sup>57.</sup> P. H. Douglas, "The National Railway of Haiti," The Nation, January 18, 1927. A number of Americans who have lived in Hait tell the story of McDonald's gift of Tecla pearls to President Simon's daughter.

<sup>58.</sup> Statement of Mr. R. L. Farnham, Foreign Relations, 1917, p. 816; Ibid., 1916, p. 870.

<sup>59.</sup> Inquiry, p. 107. The National City Bank loaned \$500,000 to the company building the road. Mr. R. L. Farnham, vice-president of the National City Bank, was also president of the road.

<sup>60.</sup> Foreign Relations, 1916, p. 371, 382.

<sup>61.</sup> Ibid., 1916, p. 373. 62. Ibid., 1915, p. 542.

<sup>63.</sup> Ibid., 1915, p. 538. The United States has uniformly declined to recognize these so-called Calvo clauses in contracts affecting Americans (E. M. Borchard, Diplomatic Protection of Citizens Abroad, p. 809).

<sup>64.</sup> For its settlement, cf. p. 359.

<sup>65.</sup> Cf. p. 334.

<sup>66.</sup> A number of observers agree that the loan of 1930 involved an element of bribery. Since the bank contract was signed at the same time as the loan contract, and between the same parties, it may be argued that there was an element of fraud in both. Cf. p. 334.

<sup>67.</sup> Law of September 19, 1912. Annuaire de Législation Haitienne, 1912, p. 168.

that part of the 10,000,000 francs should be used to retire 6,000,000 paper gourdes at the rate of 3.50 to the dollar, and that the balance should be placed in a State fund to guarantee the paper money remaining in circulation. Protesting that the loan contract called for complete retirement, the bank declined to remit any of the 10,000,000 francs. In 1913 President Michel Oreste informed the Chambers that the question at issue was whether the Haitian government had ceded its sovereign power to determine the conditions of monetary reform. He declared that any contract to such effect would be contrary to the Constitution. §8

"In an effort of conciliation," the Haitian government now passed a law69 providing for the retirement of 5,000,000 gourdes of nickel, at the rate of five gourdes to the dollar, and for the issue of new silver gourdes, at the rate of one silver to four old gourdes. It was also provided that certain internal taxes, created by a law of August 11, 1903 in connection with monetary reform, should form a metallic reserve-to guarantee the nickel currency remaining in circulation and to stabilize the exchange. It was "forbidden to disturb" this reserve. Although this law was not entirely satisfactory to the bank, it now transferred enough gold to commence the retirement of paper money in conformity with the 1910 contract.70

Nevertheless, in January 1914 a Haitian commission, in charge of the retirement of paper money, determined that the bank in which had been deposited \$558,349 (derived from the 10,000,000-franc fund and the taxes levied under the 1903 law) had in its vaults only \$320,000. The Haitian commission protested that the funds devoted to retirement were "sacred" and could not be used under any pretext for any destination other than that provided by law. 11 At this the bank managers promised to make up the difference with gold from New York.

Meanwhile the bank continued to retire paper money until it had withdrawn about 2,500,000 gourdes. But at the request of the bank, which feared that any attempt at

monetary reform would be thwarted by revolutionary conditions, the Haitian government in August 1914 enacted a law to suspend further retirement. The law also authorized the government to take over for its current needs the sums-amounting to about \$178,000—devoted to monetary reform, except the balance of the 10.000,000franc fund. 72 The bank declined to hand over this sum, on the ground that it was reserved for monetary reform. The Haitian government declared, however, that the sum demanded did not concern the 10,000,000-franc fund, but rather the taxes collected under the 1903 law.73 Despite its protest that disputes under the contract should be referred to arbitration, the bank was forced to appear before the Haitian courts in September 1914. Before an order compelling the bank to submit to the 1914 law could be enforced, a revolution occurred, in which President Zamor was overthrown. He was succeeded by President Theodore.

Another difficulty now arose over the socalled budgetary convention. This was an annual agreement, first entered into in 1911-1912,74 in which the bank undertook to advance a monthly sum to the government, being compensated by subsequent receipts and a commission. In view of the growing debt of the government to the bank, and in view of political unrest and the outbreak of the World War, the bank notified the Haitian government in the summer of 1914 that it could not renew the budgetary convention; nor could it make full payments for the months of August and September 1914 under the current convention. Now under the terms of the bank contract the bank was authorized to hold government funds until the end of the fiscal year-or in this case until September 30, 1915. And the refusal to renew the budgetary convention, which had been in the nature of an accommodation, therefore left the Haitian government without any funds. In June 1914 the American Minister wrote that the suspension of the convention was likely to "bring the government to a condition where it could not operate" and that this was just the condition

<sup>68.</sup> Haiti, Exposé Général de la Situation, 1913. 69. Law of September 5, 1913. Annuaire de Législation Haitienne, 1913, p. 82.

<sup>70.</sup> Barna Repart, p. 106.

<sup>71.</sup> Ibid., p. 101.

<sup>72.</sup> Law of August 17, 1914. Annuaire de Législation Hattienne, 1914, p. 58,

<sup>73.</sup> Borno Report, p. 135.

<sup>74.</sup> For text, cf. Annuaire de Législation Haîtienne, 1908-1911, p. 137. For the same system in Liberia, cf. R. L. Buell, The Native Problem in Africa, Vol. II, p. 809.

that the bank desired, since it was its belief "that the government when confronted by such a crisis would be forced to ask the assistance of the United States... and that American supervision of the customs would result." <sup>76</sup>

The next move was made by the bank on December 8, 1914 when its vice-president, Mr. Wehrhane, sent a cable to the State Department asking that, in view of the virtual stoppage of communications by merchant vessels because of the World War, an American warship should transfer \$110,000 in gold from the bank in Haiti to New York. 16

## THE MACHIAS

On December 15, William Jennings Bryan. Secretary of State, ordered the landing of American marines for this purpose.77 On the 17th these marines placed on board the Machias \$500,000-about half the gold in the bank—which was transported to New York.78 The Haitian government protested that this gold was not the property of the bank, but a trust fund belonging to the State, which could not be removed from the country without the government's consent. It was "intensely surprised and pained" that the American government should pass judgment on internal measures of Haiti, and should place its sailors at the disposal of banking interests.79 Secretary Bryan justified this action on the ground that revolutionists had attempted to divert the funds to uses other than those authorized by the loan contract,80 a contention which Haiti denied. The seizure, Mr. Bryan declared, was "a protective measure merely, in behalf of American interests which were gravely menaced." The sums taken to New York would draw interest and would be protected from revolution. Following the Machias incident, the Haitian government proceeded to enforce the judgment in connection with the 1914 law, taking \$65,000 from the bank vaults.81

Deprived of its income by the action of the bank in regard to the budgetary convention, the Theodore government on December 22, 1914 authorized the issue of 8,000,000 gourdes of paper money.82 Both the bank and the State Department protested that this issue was a violation of the 1910 contract. which gave the bank a monopoly of paper money. The government of Haiti declared that its action was as justified as was the action of the bank in refusing to renew the budgetary convention.83 Although the bank contract prohibited diplomatic intervention in case of dispute, and although the bank was a French stock company, the United States insisted upon coming to its aid. Haiti declared that this intervention was illegal.84 It asserted that the bank should have resorted to arbitration in accordance with the contract, rather than to the American State Department. In February 1915, the Haitian government, offended by the policy of the bank and of the State Department and in dire need of funds, ordered that customs duties be paid over to various merchants named by the government, instead of to the bank in accordance with the 1910 contract.85 August 1915 the State Department ordered Admiral Caperton, who was in command of the American occupying forces, to restore to the bank this treasury service.86

## THE UNITED STATES DEMANDS CUSTOMS CONTROL

Although from 1908 to 1911 Haiti enjoyed a period of tranquillity under President Simon, between the latter year and 1915 it experienced a series of revolutions. Notwithstanding the constitutional Presidential term of seven years, Haiti was governed by six Presidents between August 1911 and July 1915.

Because of the constant political turmoil in the island, the United States had become convinced that Haiti could not maintain a stable government without foreign aid; it also believed, especially because of the presence of important French and German in-

<sup>75.</sup> Foreign Relations, 1914, p. 846.

<sup>76.</sup> Ibid., p. 365.

<sup>77.</sup> Ibid., p. 369. These marines were unarmed.

<sup>78.</sup> Inquiry, p. 1441. Interest at the rate of 2 per cent was paid on this fund and it is understood that the identical gold was returned to Haiti in 1919.

<sup>79.</sup> Foreign Relations, 1914, p. 378.

<sup>80.</sup> This gold was not drawing interest. (Ibid., 380).

<sup>81.</sup> Ibid., p. 381.

<sup>82.</sup> A previous government had also contracted an internal loan, and a decree of January 22, 1918 authorized an issue of 2,000,000 gourdes in treasury bonds.

<sup>83.</sup> Foreign Relations, 1914, p. 365; 1915, p. 502-4.

<sup>84.</sup> Ibid., 1914, p. 374; 1915, p. 501.

<sup>85.</sup> Ibid., p. 511.

<sup>86.</sup> Inquiry, p. 323, 334. Cf. p. 368.

terests there, that such aid should come from Washington.

One of the first indications of American policy came in February 1914 when an American consular agent at Petit Goave announced that he had been instructed to supervise customs receipts at the port in order to prevent loss by the revolution then in progress. On March 14 the German Legation informed the Haitian government that the German government would insist on sharing in foreign control of customs in case such control were established in Haiti. In reply Foreign Minister Léger declared that there had never been any question and that there never would be any question of establishing foreign customs control.87

On February 26, 1914, Secretary Bryan said that the United States was well disposed toward lending its aid in the collection of Haitian customs. And on July 2, following another revolutionary outbreak, a draft providing for customs control as in the convention with the Dominican Republic of 1907, as well as for an American Financial Adviser, was presented to the Zamor government, which the State Department had recognized. On July 30, 1914 an American representative reported that the downfall of the Zamor government would depend upon its ability to borrow funds, but that the National Bank had "formally refused to advance a loan owing to the disturbed conditions. . . . "88 He reported that the German Minister had warned Germans not to subscribe to any such loan, adding that "were it not for the acute financial crisis it could be confidently predicted that the Government would be in complete control of the whole country within a fortnight."89

A few weeks later 30 the American Minister the August payments on the convention reported that the bank had declined to make budgétaire and that the government was "without funds whatsoever."

Ten days after the State Department re-

ceived information that the Zamor government had fallen in the north. Secretary Bryan wrote the President of the United States setting forth the "urgent need of increasing our [naval] force on the south coast at this time when a renewal of negotiations seems probable. . . . "91 The next day the transport Hancock was ordered to proceed to Port-au-Prince with 800 marines. Secretary Lansing at the same time informed the American Minister that the State Department was contemplating a convention along the lines of the draft of July 2, and also an agreement regarding a fair election.92 On November 7, 1914, the revolutionary leader, Davilmar Theodore, was elected President of Haiti.

## PRESIDENT THEODORE AND THE U. S. DEMANDS

The State Department now informed Theodore that he would be recognized as provisional President only after he had agreed to send a commission to Washington to negotiate in regard to customs control, the National Bank, the railway, and the Mole St. Nicholas.<sup>33</sup>

When these proposals were discussed in the Haitian Senate, members became so indignant that they attempted to make a physical attack upon the Minister of Foreign Affairs, accusing him of trying "to sell the country to the United States." <sup>94</sup>

On December 10, 1914 the State Department again submitted the draft convention of July 2. Two days later Secretary Bryan declared that the United States was actuated by a wholly disinterested desire to aid Haiti, and that if for any reason the Haitian government thought it best not to consider this proposition the matter should not be pressed. The Theodore government replied that it could "accept no control over the Haitian administration by a foreign power." But it proposed a counter project,

<sup>87.</sup> For the correspondence, cf. Exposé Général de la Situation, 1914, p. 8.

<sup>88.</sup> Foreign Relations, 1914, p. 352.

<sup>89.</sup> Ibid.

<sup>90.</sup> September 5, 1914. On October 7, 1914 the State Department suggested that the bank use the 10,000,000-franc fund to meet the payments due under the budgetary convention, transferring an equal amount from funds of the bank on deposit in France. Foreign Relations, 1914, p. 363.

<sup>91.</sup> October 28, 1916. Inquiry, p. 338.

<sup>92.</sup> Foreign Eelations, 1314, p. 355. On November 4, the Department transmitted a memorandum stating that revolutionary movements must cease, and asking that leelclost sheld under the auspices of American 'Dobservers' and that a customs convention be negotiated. Pod., p. 3557.

<sup>93.</sup> November 12, 1914.

<sup>94.</sup> Ibid., p. 363. On October 26 the Haitian Senate unanimously passed a resolution condemning any kind of treaty with the United States. Inquiry, p. 6.

<sup>95.</sup> Text in Borno Report, p. 29.

<sup>96.</sup> Foreign Relations, 1914, p. 267.

<sup>97.</sup> December 15, Borno Report, p. 3.

calling for the appointment of American engineers to prospect for minerals in Haiti; the organization of a mining corporation, two-thirds American and one-third Haitian: an American loan, and certain economic preferences to Americans. 98 Secretary Bryan declined this project, adding that the United States desired stability but did not desire to assume any responsibilities except at the request of the Haitian government.99 Two days before this dispatch was sent, American marines had taken \$500,000 from the bank to the Machias. 100

In January 1915 a revolt against President Theodore occurred, and because of lack of funds tied up by the bank, he was unable to purchase the coal necessary to enable his naval vessels to blockade insurgent ports.101

At the end of February, Vibrun Guillaume Sam, the leader of the revolution, entered Port-au-Prince with about 3,000 caco troops, and a few days later became President. The American Minister reported that "perfect order" was maintained in entering the city.102

By the end of March, the German, Italian and French governments had recognized Sam as President. The United States declined to do so, however, but instead instructed Messrs. Fort and Smith, who had been sent to inquire into revolutionary conditions in the Dominican Republic, to proceed to Haiti. The commission apparently raised the question of customs control again. but the Haitian government declined to negotiate on the ground that the commissioners had no credentials.103

### THE FULLER MISSION

In the following May, Mr. Paul Fuller, Jr. arrived in Port-au-Prince as Envoy Extraordinary from the United States. Mr. Fuller informed the Haitian Minister that at the signature of the proposed convention it would be "a great honor and pleasure to present to His Excellency, the President of the Republic, a special letter of recognition" of which he was the bearer. 104

The Fuller draft provided that the American Minister and the President of Haiti should have "such an intimate and confidential relationship" as would enable the American Minister to advise on such matters as "affect the honest and efficient administration of the government." The President of Haiti was to agree to follow this advice to the extent of requiring honesty and efficiency in officials.

Unlike the 1914 proposals, the convention authorized the United States to employ its military forces to protect Haiti from outside attack, and to aid the government in the suppression of insurrection. It prohibited the lease of the Mole St. Nicholas to any foreign government,105 and obliged Haiti to arbitrate foreign claims.

In a counter-project the Haitian government struck out the provision in regard to the American Minister but promised to employ only honest officials in the customs. It authorized the United States to intervene to prevent foreign aggression; but subordinated American assistance in case of internal disorder to the discretion of the Haitian government. Mr. Fuller, in turn, proposed further counter-suggestions, which the Haitian government in part accepted. Although the differences between the two governments were not great. Mr. Fuller abruptly left for the United States. It is the view of some Haitian critics that he terminated negotiations in this manner because the State Department had decided to make more extreme demands by means of military force.

### THE PRISON MASSACRE AND INTERVENTION

Meanwhile President Sam was having difficulties. Although he was able to secure funds by an issue of paper money, he was unable to prevent the breaking out of another revolution. After a disturbance at Port-au-Prince on July 27, 1915, General Oscar, a close friend of President Sam, ordered every political prisoner in the local prison to be put to death; the result was

<sup>98.</sup> Ibid., p. 368.

<sup>99.</sup> Foreign Relations, 1914, p. 371. Cf. p. 341.

<sup>100.</sup> Cf. p. 337.

<sup>101.</sup> Inquiry, p. 291, 299.

<sup>102.</sup> Foreign Relations, 1914, p. 466.

<sup>103.</sup> Borno Report, p. 36. The commission left Haiti on March 15, 1915, after about a week's stay.

<sup>104.</sup> Letter of May 22, 1915. Borno Report, p. 37. Foreign Relations does not mention the Fuller negotiations.

<sup>105.</sup> Text, Ibid., p. 39. Cf. p. 342.

that almost 200 men, some of whom belonged to the most prominent families, among them ex-President Zamor, were "butchered in an indescribably brutal manner." President Sam now sought asylum in the French Legation. When the populace heard of the "butchery" in the prison, they broke into the French Legation on July 28, carried the President into the street and tore his body to bits. The city was in turmoil. This was the first time that a foreign legation had been violated.

The day before the murder, the American chargé, Mr. Davis, cabled Admiral Caperton, then at Cap-Haitien, that his presence at Port-au-Prince was desired, and that the British and French diplomatic representatives had cabled for ships. 108 Admiral Caperton immediately started for Port-au-Prince, arriving on the morning of the 28th, just after President Sam's murder. After consulting with the French and British diplomatic representatives, who requested protection, he landed troops to prevent further rioting. The same day Admiral Caperton received instructions from the Navy Department to extend protection to British and French nationals and to request that no French or British troops should land. 109

## ALLEGED FOREIGN INCITEMENT TO REVOLUTION

Some Haitians admit that the internal situation in Haiti had become so intolerable that foreign intervention was inevitable. Wevertheless, they contend that the revolutionary turmoil, especially in 1914, was in part caused by the National Bank, which used its vast powers, they allege, to throw the country into economic disorder and to reduce the government to impotency so as to cause foreign intervention. A Haitian commission declared that the stabilization of the gourde at five to one in the 1913 law had resulted in a reduction in salaries and savings while at the same time it had led to

an increase in cost of living. It declared that the injury thus created "was not the least of the causes of the state of insurrection which the country now experienced until the time of the American intervention."

Moreover, the refusal of the bank to make payments under the budgetary convention deprived the Haitian government of its revenues. The American charge reported to the State Department that the overthrow of both the Zamor and Theodore governments was largely due to their lack of money.112 This lack, in turn, was due in part to the action of the bank. Although the State Department protested against the unusual privileges granted to the bank in 1910. it did not protest when the bank suspended the budgetary convention in 1914, but instead joined the bank in protesting against the issue of paper money by the Haitian government. Likewise it ordered an American warship to carry to New York \$500,000 in gold, at least part of which belonged to the Haitian government. Moreover, it protested when the Haitian government deprived the bank of the treasury service; and it declined to recognize the Theodore and Sam governments because they would not submit to American customs control. Haitian critics declare that the policy of the State Department and the bank combined to prevent any government from consolidating its authority and that this policy was a deliberate incitement to revolution.

Nevertheless, foreigners in Haiti believed, as apparently the United States government did also, that the chaotic condition of Haiti between 1911 and 1915 was due to internal difficulties of long standing; and that while by means of loans a government might have endured a little longer than did some revolutionary governments, yet sooner or later the internal structure of Haiti was bound to give way. The United States feared, especially after the outbreak of the European war, that in view of these conditions European States would intervene if the United States did not act first.

The landing of American troops on July 28 for the protection of foreign interests

<sup>106.</sup> Chargé Davis, Foreign Relations, 1916, p. 314.

<sup>107.</sup> The mob did no injury to President Sam's wife or daughter, nor to any one else within the French Legation. Poreign Relations, 1916, p. 317. But it invaded the Dominican Legation, selzed General Oscar and killed him in the street. Apparently believing that extending the right of asylum to political refugees is an incentive to revolution, the American Legation to discontinue admitting any Haitlan refugees. Foreign Relations, 1908, p. 435.

<sup>108.</sup> Inquiry, p. 305.

<sup>109.</sup> Foreign Relations, 1915, p. 476.

<sup>110.</sup> Cf. p. 341.

<sup>111.</sup> Borno Report, p. 132. Cf. also p. 140.

<sup>113.</sup> Foreign Relations, 1915. p. 473.

seemed justified by international practice,<sup>113</sup> but Admiral Caperton did not confine his landing to a protection of such interests, proceeding instead to establish control of

the United States over the internal administration of the country. Before discussing these events, however, the underlying motives of the occupation will be reviewed.

### MOTIVES OF THE AMERICAN OCCUPATION

The first reason given for the American intervention in 1915 was humanitarian. Secretary of State Lansing declared that one of the two grounds for this intervention was:

"To terminate the appalling conditions of anarchy, savagery, and oppression which had been prevalent in Haiti for decades, and to undertake the establishment of domestic peace in the Republic in order that the great bulk of the population, who had been downtrodden by dictators and the innocent victims of repeated revolutions, should enjoy a prosperity and an economic and industrial development to which every people of an American nation are entitled."114

President Borno has expressed a similar point of view. In 1928 he declared:

"It is useless to make hypocritical protests against that Treaty [of 1915], which came to us when we were on the brink of a bloody chasm and saved us. It is useless to condemn it as contrary to the dignity and sovereignty of Haiti. The dignity and sovereignty of Haiti cannot possibly consist in allowing political factionswhose recruits, by the way, belong to the minority-to have an absolute right to deliver the Republic to the plagues of anarchy; to inflict upon the nation, which at heart is peaceful and industrious, an intolerable régime of general confusion and corruption. The dignity and sovereignty of Haiti cannot consist in the right to present to the civilized world, in this twentieth century, the unspeakable spectacle of scandalous slavery hiding behind deceitful appearances of universal suffrage and representative chambers.

"American intervention came to aid us in putting an end to a painful situation which could only have ended in final failure—in the fulfillment of all the sarcastic prophecies of the foes of our race... That intervention, which respects the liberty and independence of our country presents for international law a case of one of the most beneficent applications of that high Christian duty of assistance and mutual aid which is as mandatory among nations as it is among men...."115

113. Buell, "The Protection of Foreign Lives and Property in Disturbed Areas," Annals of the American Academy, July 1929.

## PROMOTION OF ECONOMIC INTERESTS

The second motive of the United States was to protect and to promote American economic interests. As already seen, nearly one-quarter of the stock of the National Bank of Haiti was owned by Americans, and an American had been its mana-Americans and Englishmen also owned the National Railway, while Americans participated with Germans in the Haitian-American Corporation, which operated a sugar mill near Port-au-Prince, an electric light plant, a small narrow gauge railway running 30 miles out of Port-au-Prince, a tramway in the city and the Portau-Prince wharf.116 There were, however, few Americans in the island and at most American investments probably did not exceed \$15,000,000.117

Six months before the final intervention, Secretary of State Bryan wrote as follows to the American Minister at Port-au-Prince on December 19, 1914:

"While we desire to encourage in every proper way American investments in Haiti, we believe that this can be better done by contributing to stability and order than by favoring special concessions to Americans. American capital will gladly avail itself of business opportunities in Haiti when assured of the peace and quiet necessary for profitable production." 118

Following the occupation, the United States insisted that the Haitian Constitution be amended so as to allow foreign ownership of land. French control over the National Bank was supplanted by American control. American loans were substituted for French loans.<sup>119</sup>

<sup>114.</sup> Letter of May 4, 1922, Report of the Senate Investigating Committee, No. 794, p. 31.

joint Committee, No. 194, p. 31.

115. Message to the Council of State, April 1928, Report of the High Commissioner, 1928, p. 4. Cf. p. 387.

<sup>116.</sup> Inquiry, p. 111.

<sup>117.</sup> Ibid., p. 112.

<sup>113.</sup> Foreign Relations, 1914, p. 370. This statement was made in reply to Haiti's offer to grant special concessions to the United States.

<sup>119.</sup> Cf. p. 370. An American business man, Mr. Forrest, testified before the Senato Committee in 1921 that the progress of the American Occupation since 1916 had not been "at all commensurate with what both the Haltians and the American business men who are interested in Halti had a right to expect from the words of this convention." Inquiry, p. 751.

#### STRATEGIC CONSIDERATIONS

The third motive back of the occupation was strategic. A glance at the map (p. 329) shows that the islands of Haiti, Cuba, Porto Rico and the Virgin Islands form a screen shielding the Panama Canal from the out-The policy of the United side world. States has been to prevent foreign powers from occupying upon these islands any position which would strategically threaten the Panama Canal. Following the Spanish-American War, the United States annexed Porto Rico and imposed the Platt amendment upon Cuba. As a result of the latter agreement, the United States today maintains a naval base at Guantanamo. Upon a number of occasions the United States attempted to annex Samana Bay in the Dominican Republic and in 1905 it established control over the customs revenue of this country, which is contiguous to Haiti. At the same time that it was attempting to negotiate a customs convention with Haiti. the United States obtained a lease of certain naval bases from Nicaragua in the Bryan-Chamorro treaty of August 1914. In 1916 the United States purchased the Virgin Islands. The remaining parts of this screen - Santo Domingo and Haiti, both occupying the same island - were seized and governed by the Navy Department during the World War.

## THE MOLE ST. NICHOLAS

For many years previously the United States had been interested in a proposal to establish naval bases in Haiti. In 1891 President Harrison unsuccessfully attempted to induce Haiti to cede the Mole St. Nicholas to the United States. During the visit of an Assistant Secretary of State to Haiti in 1913 the Haitian government agreed that "no power other than the United States should gain a foothold" upon the Mole Saint Nicholas for a naval station. 121 In 1914 and 1915 the Mole St. Nicholas was mentioned frequently in the correspondence between the State Department and Haiti. 122 In August 1915, M.

120. Léger, op. cit., p. 245.

Dartiguenave, a Presidential candidate. i. indicated his willingness to cede the MMole outright; but the United States finally d declined to insert such a provision in the 1915 convention because of its "desire e to avoid anything that would seem like an in infringement of the territorial sovereignty of Haiti."123 Meanwhile naval and militarary officers had come to the opinion that ththe Mole St. Nicholas was "absolutely worththless" as a naval base.124 It was too smalall to accommodate modern war vessels anind there was no satisfactory supply of drinkking water in the vicinity. The 1915 coronvention merely obligated Haiti not to sumrrender any of its territory to a foreign gowvernment.125

### FRENCH AND GERMAN CLAIMS

Nevertheless, the United States feareod that because of the internal turmoil inn Haiti foreign States would intervene unlesses the United States did so and that such inntervention would be harmful to the positionn of the United States at the Panama Canall. France was interested in the island for hisetoric and financial reasons. More thann half of Haiti's exports went to France. One the other hand, German middlemen andd the Hamburg-American line controlledd about 90 per cent cent of foreign trade inn Haiti.126 French, German and British wanr vessels had frequently visited Haitiann waters and in some cases delivered ulti-imatums to the Haitian government on behalf of the claims of foreign traders.127:7 Vessels from all these countries were in Haitian waters in 1914.

Apparently the first warning served upon Haiti by the United States that itt must set its house in order was given by Secretary of State Knox, in a visit to Haiti in 1911 a little before the opening of the

<sup>121.</sup> Foreign Relations, 1914, p. 840.

<sup>122.</sup> Ibid., p. 345, 367; 1916, p. 439 ff.

<sup>123.</sup> Inquiry, p. 325; Foreign Relations, 1915, p. 437.

<sup>124.</sup> Cf. Inquiry, p. 610.

<sup>125.</sup> Article XI, Convention of September 16, 1915.

<sup>126.</sup> Inquiry, p. 110.

<sup>127.</sup> The United States navy sont vessels to Haiti seventeen times between 1857 and 1913. Inquiry, p. 63. For the Buildoy and the Maunder incidents involving Great Britain, for the Baishop, Luders and Markomania affairs involving Germany, for the Santisi affair involving Spain, for the Pelletier and Lazare claims involving the United States, cf. Léger, op. cst., p. 207, 218, 228, 230, 237, 238, 249, 255. A Haitlan writer state that in these cases the United States abandoned the Haitlan people to "the violence of European powers, but in 1915, at a time when nearly the whole of Europe was engaged in a great war, the United States itself occupied Haitl." Beliegarde, L'Occupation Américaine d'Haitl, p. 8.

Panama Canal. In an address he declared that "at a time when the obligation which my country has assumed as the agent of the interest of all America and of the world in creating a highway for international commerce is about to be realized, we are impressed with the conviction that the fullest success of our work is to a notable degree dependent on the peace and stability of our neighbors. . ."128

## GERMAN COALING **STATIONS**

Two years previously the Navy Department had expressed opposition to the acquisition of coaling depots in Haiti by private non-American ship companies, on the ground that such coaling stations could be used by foreign vessels of war in the event of hostilities. In 1911 the Haitian government denied a rumor that it had made an alliance with Germany.129 During the same year, at the instance of the American Minister, the Haitian government eliminated from a contract with a German national for a coastwise steamship service a provision granting the right to maintain a coaling station. 180 In 1913 and 1914 the State Department was led to believe that another German commercial firm wished to secure rights to maintain such a station for coal supplies at the Mole St. Nicholas and that this concession was to be combined with a loan, secured by control over the Haitian customs. The State Department declared that the German government supported the German firm in these proposals,131 On July 25, 1914 the German chargé in Washington wrote to the State Department that in view of German economic interests in Haiti, Germany could not give up its claims to participate in customs control if it were established by the American government.132 In other words, Germany asked, in pursuance of a policy previously followed in Morocco and Liberia. that such control should be joint and not exclusively American.

Thus the State Department feared a French as well as a German attempt to occupy Haiti. American fears were increased by the outbreak of the World War. when it was believed that Haiti might easily be made a base for German submarines.133 Secretary Lansing summarized the situation by declaring that the United States occupied Haiti because of a "desire to forestall any attempt by a foreign power to obtain a foothold on the territory of an American nation which, if a seizure of customs control by such power had occurred, or if a grant of a coaling station or naval base had been obtained, would have most certainly been a menace to the peace of the Western Hemisphere, and in flagrant defiance of the Monroe Doctrine."134

### JOINT VERSUS **EXCLUSIVE INTERVENTION**

Upon a number of occasions before the war the United States had cooperated with other powers in Haitian affairs. In 1850 Great Britain. France and the United States mediated in a war between Haiti and Santo Domingo.125 In 1910 various foreign governments proposed the establishment of an international claims commission. In 1911 and 1912 the members of the diplomatic corps in Haiti jointly treated with revolutionists or made demands upon the government.136 In January 1914 American. British, French and German naval forces landed at Port-au-Prince. 137

The United States did not, however, invite the cooperation of other powers in in-

distriction was recommended

<sup>128.</sup> Foreign Relations, 1912, p. 545. Following the Luders affair in 1898, the Haitlan government made a proposal for an American protectorate, which, however, the United States declined, in 1995 President Roosevelt declared that "under no circumstances old the United States intend to acquire territory or the state possession of either Haitl or Santo Domings. On the Company of t

<sup>129.</sup> Ibid., 1911, p. 287.

<sup>130.</sup> Nevertheless, in a contract of August 11, 1910, the Haitian government granted M. Hans Ranke, presumably a German, the exclusive privilege of operating a coastwise shipping line (Article 13), including a gratuitous grant of public land during the life of the concern as a depot for its coal and its material in each of the localities served by the boats of the company. Annuaire de Législation Haitienne, 1908-1911, p. 151.

<sup>131.</sup> Mr. Lansing's letter. Report of the Senate Investigating Committee, No. 794, p. 32.

<sup>132.</sup> Cf. p. 338.

<sup>133.</sup> Inquiry, p. 693.

Report of the Senate Investi-134. Mr. Lansing's letter. gating Committee, No. 794, p. 32.

<sup>135.</sup> Moore, op. cit., Vol. VI, p. 511.

<sup>136.</sup> Foreign Relations, 1911, p. 284; 1912, p. 540.

<sup>137.</sup> Inquiry, p. 63. The United States declined, however, to undertake a joint guarantee of the neutrality of Samana Bay in 1862. Moore, op. cit., Vol. VI, p. 25.

tervening in Haiti in July 1915. In fact it asked other powers not to land forces.138 Although at the Paris Conference in 1919 President Woodrow Wilson energetically supported the principle of international control, as exemplified in the Covenant of the League of Nations, his government in 1915 carried out a military and political intervention in Haiti to the exclusion of any other power. One reason for this policy. as already indicated, was the outbreak of the World War. The fact that Germany was fighting France and England in Europe precluded joint intervention by these three powers and the United States elsewhere in the world. Any proposal for joint intervention, moreover, might have involved the United States immediately in the quarrels of Europe. On the other hand, the exclusive intervention of either France or Germany in Haitian affairs might have extended the scene of the World War to the Western Hemisphere. 139

## ALLEGED ILLEGALITY OF OCCUPATION

Such were the motives-humanitarian, materialistic and strategic-which in the eyes of the American government justified the occupation of Haiti in 1915. Haitian and other critics assert, however, that regardless of internal abuse, it was illegal under international law for the United States to intervene in Haiti unless Haiti had violated obligations owed to the United They point to the fact that the lives of foreigners had not been injured in any revolution, and that Haiti had not defaulted upon any debt owed to American citizens.140 They assert that there was no danger of European intervention in 1915 had the United States not intervened. Whatever may have been French or German designs before 1915, the European nations at the time of the Sam revolt were engaged in a war that was taxing every energy. Admiral Caperton testified that between June 1915 and November 1916 3 France was the only power (apart from the United States) to have a warship in Haitian 1 waters.141 Moreover, although the French landed troops at Cap-Haitien and later at Port-au-Prince, they placed themselves at the disposal of Admiral Caperton.142

Critics of American policy allege that even if there had been a real danger of European intervention in Haiti, it could have been guarded against by much less drastic means than those actually employed, as, for instance, by neutralization rather than occupation. They declare that there is nothing in the Monroe Doctrine which justifies intervention of the United States in the internal affairs of other American countries. In 1923 Mr. Charles Evans Hughes said that in opposing the intervention of non-American powers in the Western Hemisphere the United States did not seek "to establish a protectorate or overlordship of our own with respect to these republics. Such a pretension not only is not found in the Monroe Doctrine but would be in opposition to our fundamental affirmative policy."143

Critics also believe that internal turmoil in Haiti was provoked or at least intensified before 1914 by the National Bank and by the American State Department in order to secure a pretext for intervention, so as to advance the interests of the National City Bank and other American concerns and increase the prestige of the American Navy Department.144 They point to the fact that the National City Bank and the National Railway had agreed that in no case should disputes arising out of their contracts be made the subject of diplomatic interposi-

<sup>133.</sup> Since the French Legation had been violated, the French Minister informed Admiral Caperton that it was a matter of "mational honor" for the French to land a legation guard, but that this guard would not interfere with any of the Admiral's actions. Accordingly a French guard was landed on August 2, 1915. Inquiry, p. 309, 357. Ct. also footnote 142.

<sup>2, 1915.</sup> Imquiry, D. 309, 307. Ut. also rootnote 122.

139. According to the Hague convention of 1907 concerning
the rights and duties of neutral powers in naval war, a
belligerent warship could not, as a rule, remain in a neutral
port more than 48 hours. The presence of a French cruiser
in 1914-1918 in ports of Halti, then a neutral country, led Halti
to protest that its neutrality was being violated. Ibid., p. 300.

<sup>140.</sup> Cf. Bellegarde, L'Occupation Américaine d'Haîti.

<sup>141.</sup> Inquiry, p. 357.

<sup>142.</sup> At the request of the French government, the State Department in a note of August 11, 1316 promised for respect the contracts of the National Bank of Hall; to insure for French citizens in Halli treatment equal to that accorded to Americans; to recommend a modification of customs duties and Americans; to recommend a modification of customs duties and a settlement of foreign claims; to place no obstacle in the way of the use of French as the official language of Haiti or to its use in Halitian schools; and to respect the present ecclesiastical organization. Foreign Ecolations, 1915, p. 337. For the legation guard, cf. p. 338. On June 19 the Description of the Communication of the Communicatio

The Monroe Doctrine, p. 446. 143. Alvarez, however, has defended the American occupation of Halti. Cf. Minneapolis speech. *Ibid.*, p. 427.

<sup>144.</sup> Cf. James Weldon Johnson, "Government Of, By and For the National City Bank," Self-Determining Haiti, (New York Nation reprint), p. 19.

tion but that they should be submitted to arbitrators instead. Nevertheless, these concerns did appeal to the State Department, which supported their claims without referring them to arbitration, in spite of the fact that Haiti and the United States were parties not only to the 1907 Hague convention forbidding the use of armed force for the recovery of contract debts.

but also to the arbitration treaty of January 7, 1909,146 Critics ask why the United States did not make use of these conventions before occupying the island. declare that it is mere hypocrisy for the United States to assert that Haiti "consented" to the occupation, inasmuch as the United States used force of various types to secure that so-called consent,146

## PART TWO

## ESTABLISHMENT OF AMERICAN CONTROL, 1915-1922

Upon landing in Port-au-Prince on July 28, 1915, Admiral Caperton not only restored order but assisted in the re-establishment of the Haitian government and the election of a President. There were two candidates to succeed President Sam-M. Dartiguenave and Dr. Bobo. During the election campaign M. Dartiguenave took the position that Haiti must accept any terms demanded by the United States. Upon Admiral Caperton's advice the Navy Department declared that it would prefer the election of M. Dartiguenave.147 Meanwhile Admiral Caperton had informed the Navy Department that the population was uneasy, fearing that the United States would not permit Haitian independence to continue.

On August 7 Admiral Caperton cabled the Navy Department, that he would permit Congress to elect a President the following Thursday. On the same day he issued a proclamation, upon orders from the Navy Department, asserting that the United States of America had no object in view "except to insure, establish and help to maintain Haitian independence, and the establishing of a stable and firm government by the Haitian people."148 On August 12 the National Assembly gave M. Dartiguenave a viva voce vote of 94 to 16. Admiral Caperton's chief of staff and a few

marines were on the floor of the Chamber. but Haitians in the galleries had been disarmed and the cacos therefore could not intimidate members of the Assembly. The Senate committee on Haiti in its 1922 report expressed the opinion that the American officials "influenced the majority of the Assembly in the choice of a President."149

## "MILITARY PRESSURE" AND THE CONVENTION

Two days after the election the State Department declared that it would recognize M. Dartiguenave only after the Haitian Congress had authorized the President to sign a treaty granting the United States control over the customs and the gendarmerie. 150 Admiral Caperton now pressed for the acceptance of a convention containing these terms. He had at his disposal two gunboats and 1,500 marines, but now asked for eight companies more. On August 19 the State Department instructed Admiral Caperton to seize the Haitian customhouses - which gave the United States control of the Haitian purse strings. Following this action Admiral Caperton cabled: "United States has now actually accomplished a military intervention in affairs of another nation."151 On September 3, Admiral Caperton declared martial law.152 Following the resignation of three Cabinet members who opposed the draft convention, Admiral Caperton wrote that the treaty situation was becoming more

<sup>145.</sup> W. M. Malloy, Treaties of the United States, p. 945. 146. Cf. p. 346. The United States may have taken the view that it was useless to try to arbitrate questions with an view that it was useless to try to arbitrate questions with an usatable government. In reference to the charge that the treaty was imposed by American force, Mr. Charles Evans Hughes asks "will any defender of the Treaty of Versailies be heard to say that a treaty is without obligation because it is imposed?" (Charles Evans Hughes, Our Relations to the Nations of the Western Hemisphere, p. 30.) It may be pointed out, however, that the Allies before imposing the Treaty of Versailies had formally declared war upon Germany but that the United States has never declared war upon Halti.

<sup>147.</sup> Inquiry, p. 315. 148. Ibid., p. 313.

<sup>149.</sup> Report of the Senate Investigating Committee, No. 794. p. 7.

<sup>150.</sup> It had given a similar warning two days before the election. Inquiry, p. 315, 327, 328.

<sup>151.</sup> Ibid., p. 335.

<sup>152.</sup> For the protest of the Haitlan government, cf. Poreign Relations, 1915, p. 486.

favorable, "This," he said, "has been effected by exercising military pressure at propitious moments in negotiations."153 On September 16, 1915, President Dartiguenave finally signed the convention; whereupon it became necessary to secure the approval of the Haitian Congress. In accordance with instructions from Washington, Admiral Caperton now seized a consignment of unsigned bank notes destined for the Haitian government, informing the latter that they could be delivered when the convention was ratified. 154 For two months Admiral Caperton turned over no money for the running expenses of the government. When President Dartiguenave protested that his government could not pay salaries, Admiral Caperton informed him that "funds would be immediately available upon ratification of the treaty." The President pointed out that this policy simply increased anti-American sentiment in Haiti. He threatened to resign. On October 5 the Navy Department finally authorized a weekly sum to meet current expenses, but said that back salaries would not be paid until after ratification.

On October 6 the Chamber approved the convention, subject to an "interpretative commentary."155 But opposition now arose in the Senate. On November 3 Admiral Caperton protested to the President that the Senate's objections concerned "unimportant technical points and abstract principles." Two days later the Senate committee brought in an adverse report. On November 10, on express instructions from the Navy Department, Admiral Caperton told the Haitian Cabinet that if the treaty failed the United States would nevertheless retain control of Haiti and "proceed to complete pacification." It would also vigorously prosecute bribery.156 The next day the Senate approved the treaty.

Secretary Daniels now "warmly commended" Admiral Caperton for the able manner in which he had handled "this important matter."157 Throughout the entire period Admiral Caperton reported daily to the Navy Department at Washington, 158 The American public, however, did not become aware of the methods used in the negotiation of the treaty until the Senate investigation of 1921-1922.

### TERMS OF THE 1915 CONVENTION

By the convention of September 16, 1915 it is provided159 that the United States will by its good offices "aid" Haiti in the development of its resources and in the firm establishment of its finances. The President of Haiti, upon nomination by the President of the United States, is to appoint a General Receiver and such aids and employees as may be necessary, to "collect, receive and apply" all customs duties. Haiti. similarly, is to appoint a Financial Adviser, "who shall be an officer attached to the Ministry of Finance, to give effect to whose proposals and labors the Minister will lend efficient aid." Haiti promises to "cooperate" with the Financial Adviser in his recommendations for improving methods of collecting and distributing revenues.160 Sums collected by the General Receiver are to be applied first to the expenses of the receivership and of the Financial Adviser, secondly to the Haitian public debt and thirdly to the constabulary. The remainder is to go to current government expenses. The expenses of the receivership and of the Financial Adviser are not to exceed five per cent of the customs receipts. The monthly reports of the General Receiver are to be open to inspection by the two governments. Haiti cannot increase its public debt without the consent of the United States, nor reduce its customs duties.

To preserve domestic peace, Haiti promises to create a constabulary, organized and officered by Americans nominated by the President of the United States. It is stipulated that these officers are to be replaced by Haitians when the latter become qualified. The constabulary is to supervise the arms traffic.161

<sup>153.</sup> Inquiry, p. 353, 348.

<sup>154.</sup> Ibid., p. 378, 380,

<sup>155.</sup> Foreign Relations, 1916, p. 833.

<sup>156.</sup> The Navy Department told Admiral Caperton that he was expected to "make this sufficiently clear to remove all opposition." A gunboat was ordered to bring a pro-treaty Senator from Cap-Haitlen to Port-au-Prince. Ibid., p. 293.

<sup>157.</sup> Ibid., p. 395. 158. Ibid., p. 295.

<sup>159.</sup> Malloy, op. cit., Vol. III, p. 2673. 160. Articles II, IX. 161. Cr. p. 358.

Haiti agrees not to surrender any of its territory, or to enter into any treaty impairing its independence. In order to develop its natural resources. Haiti agrees to carry out such measures "as in the opinion of the contracting parties may be necessary for the sanitation and public improvement of the Republic," under the supervision of engineers appointed by Haiti upon nomination by the President of the United States.

Article XIV of the convention provides that the parties "shall have authority to take such steps as may be necessary to insure the complete attainment of any of the objects comprehended in the treaty." Moreover, the United States promises that it "will lend an efficient aid for the preservation of Haitian independence and the maintenance of a Government adequate for the protection of life, property and individual liberty."162 The convention is to remain in force for ten years, and if for specific reasons presented by either of the high contracting parties its purpose has not been fully accomplished by that time, it may be extended for another ten years.

#### HAITI'S RESERVATIONS

In an interpretative commentary, the Haitian Chamber declared that it understood that under the convention the United States would assist Haiti in procuring a loan upon the American market: that the United States government would not expect to secure monopolistic mining concessions: that the President of Haiti had the right to refuse persons nominated by the United States; that the General Receiver might be removed if guilty of malversation of funds; that the employees of the Haitian customs service should be Haitians, exclusively and directly appointed by the President of Haiti; and that the Financial Adviser was not to be a "comptroller" placed above the executive and legislative powers, nor a substitute for the Chamber of Accounts, but rather an official whose duties were purely advisory.

Differences over the execution of the treaty were to be referred to the Perma-

182. This is similar to the Platt amendment in Cuba. Cf. F. A. Information Service, Vol. V. No. 3, "Cuba and the Plat. Amendment."

nent Court of Arbitration at the Hague, in accordance with the convention of 1909 between Haiti and the United States.163

Secretary Lansing declared that since this interpretation was not placed before the United States Senate when the latter approved the convention, it was impossible "to consider the views expressed therein as having any binding force on the Government of the United States.184 Pending approval by the United States Senate, a modus vivendi putting the convention immediately into effect was signed November 29, 1915.

Without any public debate the United States Senate approved the convention unanimously.165 and it went into effect on May 3, 1916. Less than a year later the two governments signed a protocol extending the duration of the treaty for a further period of ten years, or until May 1936. The reason given for this extension was the "necessity of a loan for a term of more than ten years."168 This protocol was not referred either to the Haitian Congress or to the American Senate for ratification. 167 The Haitian government declared that the Financial Adviser threatened to suspend salary payments until it agreed to the protocol: this was denied, however.168

## THE ASSEMBLY IS DISSOLVED

From the American standpoint, there were two main objections to the 1889 Constitution in force at the time of the occupation. First, it prohibited foreigners from owning land in Haiti;169 secondly, it provided for a parliamentary form of government in which a popularly elected legislature had a veto over the acts of the President. American officials realized that the Ameri-

<sup>163.</sup> For the full text of these "reservations," cf. Foreign

Relations, 1918, p. 324.

184. Foreign Relations, 1918, p. 326. An exchange of notes provided that in case of difference the English text of the treaty would prevail. Ibid., 1915, p. 455.

185. Congressional Record, February 28, 1918, p. 3245.

186. Protocol of March 28, 1917. Malloy, op. cit., Vol. EI,

p. 2677. 167. Secretary Lansing asked that the principal draft be amended in order that the protocol would not have to be so submitted. Foreign Relations, 1917, p. 807. 188. Foreign Relations, 1917, p. 804. Colonel Waller testified that the Hattlan Cabinet was equally divided over the question

that the Haitian Cabinet was equally divided over the question of the protocol and that when the President finally decided to accept it, the Cabinet resigned. (Inquiry, p. 691.) as 169. Article 8, Constitution of October 8, 1889. At one time only Africans and Indians could be naturalised in Haiti, but this restriction was removed in the Constitution of 1889. Léger, op. ct., p. 290. In Liberia only Negroes may become citizens. Constitution of July 28, 1847, Article V. Section 18.

can position in Haiti might be made untenable if an irresponsible legislature having a veto with respect to the budget and ordinary legislation continued to exist. They also believed that the educational basis for a democratic form of government was lacking in Haiti.

An attitude of hostility toward the American occupation, which came to vent itself against President Dartiguenave, appeared in the Haitian Senate not only at the time of the debate on the convention. but also in 1916. Fearing impeachment. President Dartiguenave dissolved the Senate on April 5, 1916 and decreed that the Deputies should be convened as the National Assembly to revise the Constitution to make it conform to the 1915 convention. A second decree created a Council of State of twenty-one members, appointed by the President, to give advice to the government.170 Despite Admiral Caperton's statement that he would support the President, the Senate vigorously declined to be dissolved, on the ground that the President's decree was illegal. On April 27 Colonel Waller of the American Occupation refused to grant permission to the president of the Senate to hold a meeting unless that body would agree to amend the Constitution. Nevertheless, on May 5 the Senate attempted to convene. According to Senators, however, its members were obliged to retire "upon the injunction of American officers accompanied by Haitian gendarmes."171

In January 1917 the regular parliamentary election was held, this time under the supervision of the gendarmerie. In April President Dartiguenave convened both houses as the National Assembly in another attempt to secure passage of the amendments desired by the Americans. 113

The latter now asked that amendments should grant foreigners the right to acquire land and the same protection as Haitians enjoy and that the government should ratify the acts of the American Occupation. The National Assembly did not look with favor upon these amendments. It objected particularly to the proposal that foreigners

should be permitted to acquire land, and a committee of the Assembly accordingly rejected this proposal. A cable from Colonel Cole of the American Occupation, dated June 15, 1917, described the situation in these words: "Antagonism National Assembly to foreign ownership land and to all American influence such that no endeavor I can make short of dissolution Assembly will prevent passage of Constitution" 113 — i. e., without the amendments which the United States demanded.

As President Dartiguenave would not make up his mind to dissolve the Assembly. Colonel Cole finally took matters into his own hands. He prepared a proclamation of dissolution and on June 19, 1917 declared that if President Dartiguenave did not sign the decree, he would suppress the National Assembly himself and "would recommend the establishment of a military government."174 The President then signed the decree. Colonel Cole sent orders to the gendarmerie officers "to prevent, by force if necessary," any further proceedings by the Assembly. After placing guards at the doors Major Butler, commandant of the gendarmerie, accordingly ordered the Assembly dissolved.175 Just prior to the dissolution a cable arrived from Washington giving instructions to "take no action until arrival of State Department's message." This cable was ignored. The next day Haitian editors were warned to publish nothing concerning the dissolution.176 From June 1917 to the present time (November 1929), the Haitian Parliament, whether as a legislative body or as a National Assembly, has held no sessions.

### THE 1918 CONSTITUTION

Although the only legal means of amending the Constitution was through the National Assembly,<sup>177</sup> the authorities soon decided to submit a new Constitution to a plebiscite on June 12, 1918. A government

<sup>170.</sup> For the decrees, cf. Inquiry, p. 417.

<sup>171.</sup> Inquiry, p. 24, 42, 420, 624.

<sup>172.</sup> Ibid., p. 690.

<sup>173.</sup> Inquiry, p. 69: 174. Ibid., p. 702. 175. Ibid., p. 702. 176. Ibid., p. 26.

<sup>176.</sup> Ibid., p. 28.
177. Constitution of 1889, Articles 194-196. In 1920 Mr.
Franklin Roosevelt, Assistant Secretary of the Navy, declared,
"The facts are that I wrote Hattive constitution myself, and,
if I do say it, I think it a pretty good constitution." New
York Times, August 19, 1920.

proclamation declared that abstention from the election would be an "unpatriotic act." Major Williams, commandant of the gendarmerie, instructed his officers that "it was desirable that this constitution pass..." He testified that his officers conducted a frankly "pro-constitutional" campaign. 178 At every voting place, a gendarme or marine was present: 69,337 votes were cast in favor and 335 against the new Consti-American officials justified this particular plebiscite on constitutional issues. although they later opposed the election of deputies on the ground that the Haitians were illiterate.179

The Constitution of 1918 differed from the Constitution of 1889 in three main particulars: (1) it gave foreigners the right to own land, and extended to them the same protection as Haitians enjoy:186 (2) it ratified the acts of the American Occupation: (3) it authorized the suspension of the legislature. The new Constitution contained virtually the same provisions as the old one with respect to the Senate and the Chamber, except that the Constitution was to be amended not by these bodies, acting together as a National Assembly, but by popular vote,181 It is provided in a "transitory" article, however, that the first elections for the Chamber of Deputies "shall" be held on January 10 of an even year, and that this year "shall" be fixed by Presidential decree, published at least three months in advance. Meanwhile, the Council of State-a body of twenty-one members appointed by the President-exercises the legislative power. It is this body which has enacted laws and elected the President since the dissolution of the legislature.

Thus American control over Haiti, established through the convention of 1915, was maintained by the suppression of the Haitian legislature and the adoption of a new Constitution. Moreover, the American authorities maintained a system of martial law and provost courts in the country, whereby any Haitian challenging the authority of the American Occupation could be summarily tried. Finally, the American authorities exercised control over the press.182

## CIVIL AND MILITARY CONTROL

Between 1915 and 1922 American authority in Haiti was divided. A naval officer held the title of military governor of Santo Domingo and military representative of the United States in Haiti. But after May 1916 this representative resided in Santo Domingo City and had little to do with Haitian affairs.183 The military authority of the United States in Haiti was actually exercised by the commandant of the Marine Brigade, which contained about 2.000 troops. Under this officer was an American commandant of the Haitian gendarmerie.

American civil authority was represented by the American Minister and by the "treaty officials"-i, e., the Financial Adviser, the General Receiver and the treaty engineers. The American Occupation as a whole was supervised by the State Department in Washington. The chairman of the Senate Investigating Committee declared, however, that the State Department has changed chiefs of the Latin American bureau and chiefs of the gendarmerie of the Marine Corps "as rapidly as the Haitians change Presidents. . ."184

Many of the treaty officials, including the American Minister in Haiti during the war period, came from the southern states and had, according to some critics, a racial bias. In many cases they were political appointees;185 others did not know the French language. Following the resignation of one American Financial Adviser. the Haitian Minister of Foreign Affairs wrote that many difficulties had been caused between Haitians and American officials because of differences in language. He "ardently desired" that in the future the American government should choose representatives who spoke French.186 Hai-

<sup>178.</sup> Inquiry, p. 566. 179. Cf. p. 387. 180. Cf. p. 374

<sup>186,</sup> Cf. p. 374

181. Amendments must in the first instance be approved by sach legislative body, however. (Article 128.) The old Constitution, in limitation of French practice, provided in Article 139 last financial accounts should be examined and liquidated by the Hallian Chamber of Accounts. The new Constitution (Article 117) struck out this provision. The American Financial Article 117) struck out this provision. The American Financial Chamber and Obliged, therefore, to submit his accounts to this Haltian body.

<sup>182.</sup> Inquiry, p. 70, 73, 522. Cf. p. 385.
183. Inquiry, p. 88.
184. Ibkd., p. 1410. Cf. table, Ibid., p. 1391.
185. Foreign Relations, 1916. p. 354; Inquiry, p. 1411.
186. Documents Diplomatiques, #fdires Diverses, 1921, p. 37.

tians complained that the State Department did not follow this advice.

### PACIFYING THE INTERIOR

The American Occupation was confronted with two main problems: (1) pacifying the interior of Haiti, and (2) establishing a working agreement with the Haitian authorities.

In September 1915 the American authorities signed an agreement with several caco chiefs whereby the latter agreed to turn in their arms and ammunition. article in the agreement declared that cacos found in arms against the existing government after the signing of the agreement would be treated as bandits.187 Some of the caco bands declined to turn in their arms. and the marines thereupon started a campaign of subjugation. On November 20 the Secretary of the Navy declared that it was "strongly impressed with the number of Haitians killed ... " It believed that control could be maintained "without further offensive operations."188 Apart from a few skirmishes the country remained calm for the next few months.

In July 1916 the Marine Brigade commander, believing that the construction of good roads between the towns was a military necessity,189 ordered the gendarmerie to apply the corvée law, under which the peasants of Haiti could be required to work three days a year in repairing and maintaining the roads in the districts where they lived. The corvée system had not been enforced for some time prior to the American occupation.180 The recruiting of workers soon proved difficult, and the American officers, being few in number, were obliged to rely upon native officials, called chefs de section, or upon the native gendarmes to round up the required number of men. Proper supervision was impossible and abuses occurred in consequence. Williams, the gendarmerie commandant, testified that he had reason to believe that

"natives had been killed in avoiding corvée work"; he also had heard of the "beating of corvée men by gendarmes."191 Native discontent against the system reached its height when, in violation of the corvée law. American officers ordered natives not only to work outside their own district but also to work much longer than the three days authorized by law.192 Partly as a result of the corvée system and the general anti-American feeling, a caco revolt involving 5,000 natives broke out in 1918 under the leadership of Charlemagne Peralte.193 When the Haitian gendarmerie. under American command, proved unable to put down this revolt, the Marine Corps was called in (March 1919). In October American marines in the Haitian gendarmerie disguised themselves as messengers whom Charlemagne had been expecting. Having secured admission by this ruse to his camp, they shot and killed Charlemagne and nine members of his personal guard.194 The revolt was definitely quelled by the summer of 1920. Haitians declared that during the caco revolt 3.500 Haitians were killed: the Senate Investigating Committee placed the number at 1.500. On the other hand, only about 12 or 15 American marines lost their lives 195

In October 1918 the American head of the gendarmerie abolished the corvée sys-Nevertheless, the order was not obeyed for a time in the north-a fact which increased native discontent.198

### METHODS OF PACIFICATION

The war against the cacos was not an organized military contest between welldisciplined units. It was rather a guerilla war against poorly armed and undisci-

<sup>191.</sup> Ibid., p. 556. 192. Major Williams was opposed to the corvée on the ground that it was uneconomical. Ibid., p. 561, 479.

<sup>193.</sup> The Senate committee declared that resentment against continuance of the corvée "undoubtedly made recruiting more easy for the bandit leaders." Report of the Senate Investigating Committee, No. 794, p. 13.

<sup>194.</sup> Davis, op. cit., p. 222.

<sup>195.</sup> Inquiry, p. 451. Marine Corps records reported 3,55 Haitians and 12 marines killed during five and one-half years. Ibid., p. 1727. A Haitian declares that the number of bis countrymen killed by American marines has probably been greater than the number filled in all the internal revolutions in Haiti put together. Bellegarde, L'Occupation Américoise d'Haiti, p. 6. The Union Patriotique charged that 4,000 prises. that 5,475 prisoners died at Cap-Haitien during 1913-1920, and that 5,475 prisoners died at Chabert, an American camp, during the same period of time. *Ibid.*, p. 32.

<sup>196.</sup> Ibid., p. 658.

<sup>187.</sup> Inquiry, p. 611. This is similar to the Stimson agreement in Nicaragua. Cf. F. P. A. Information Service. Vol. III. No. 23, p. 344.

<sup>188.</sup> Inquiry, p. 78.

<sup>189.</sup> Ibid., p. 82.

<sup>190.</sup> Ibid., p. 529.

plined primitive bands, thoroughly familiar with the mountainous area in which the The American eaco war was fought. forces and the Haitian gendarmes had therefore to operate in small platoons, as a rule under the command of marine privates removed from the immediate control of responsible officers. Constantly in fear of snipers, it was natural perhaps that when ordered to "mop up" the country some marines and gendarmes should have resorted to drastic methods. One American gendarmerie commandant, Major Williams, testified: "I have no doubt whatever that many natives were killed by the native personnel of the gendarmerie," who, "without any good reason, had killed prisoners or people whom they were about to make prisoners."197

During court-martial proceedings American member of the gendarmerie expressed the belief that there had been 400 illegal executions of Haitians, and that among the gendarmerie officers it was understood "to be the popular thing to bump off' as nearly as possible all prisoners taken,"198 In March 1919 the commandant of the gendarmerie issued an order that no prisoner while in custody, whatever his or her status, should be shot, executed or permitted to be shot.199 Despite this order not to kill prisoners, one American officer was reported to have instructed his subordinates to "go ahead executing prisoners and say nothing about it."200

Following the court-martial of several marines for the "unlawful execution" of cacos, Major-General Barnett, commandant of the Marine Corps, wrote to Colonel John H. Russell, Brigade Commander, stating that court-martial testimony showed him that "practically indiscriminate killing of natives had been going on for some time." 201

On October 15, 1919 the Brigade Commander, referring to charges that prisoners had been shot without trial and that houses had been ruthlessly burned, issued an order to the effect that if any member of the Marine Corps, the United States Navy, or the Haitian gendarmerie was guilty of the illegal killing of any person, he would be tried for murder or manslaughter.<sup>202</sup>

Although the Barnett letter in regard to "indiscriminate killings" was marked "personal" and "confidential," the Navy Department in Washington, apparently by mistake. gave it out to the press.203 The letter created a furor which led the Navy Department to send a commission of inquiry to Haiti under Admiral Mayo. The commission declared that isolated acts of the kind reported had occurred, but that the general charges against the marines was thoroughly unwarranted. The commission went on to say that considering conditions of service in Haiti, it was "remarkable that the offenses were so few in number." They believed these offenses might all be chargeable "to the ordinary defects of human character." The general conduct of the troops could be fairly judged, they said, from the results of the occupation, which had brought security to Haiti. The court declared that there was no basis for the charge in General Barnett's letter, and that charges which had been published were "ill-considered, regrettable and thoroughly unwarranted reflections on a portion of the United States Marine Corps. which has performed difficult, dangerous and delicate duty in Haiti in a manner which. instead of calling for adverse criticism, is entitled to the highest commendation."204

In the meantime, Haitians had organized the Union Patriotique, a body which now declared that the Mayo inquiry was a fraud. In a memorial of May 1921, the Union Patriotique gave twenty-three instances in which atrocities were alleged to have been committed by American authorities. These included beating of prisoners, branding with red hot irons, forcing natives to dig their

<sup>197.</sup> Inquiry, p. 551. Cf. the testimony of Mr. Spear, who declared that a Lieutenant Brokaw had given instructions that wounded cocco be killed. Idd., p. 588. Mr. Spear said the general attitude was that "ail cacos were to be killed. It was goerful warfare. ... "Cf. also court-martial testimony of Captain Hamilton. Ibid., p. 598.

<sup>198,</sup> Ibid., p. 485, 486. Cf. also the testimony of Captain Lavole. Ibid., p. 469.

<sup>199.</sup> Ibid., p. 598. In explaining this order, Major Williams later stated that "it is a strong tradition in the military service that every oftense is followed by the issuance of an order forbidding everyone cles to do the same thing."

<sup>300,</sup> Ibid., p. 471. Cf. the Turner testimony, Ibid. In one case a gendarmeric captain admitted to Colonal Catiin that he had ordered eix men shot without trial, but the Colonal did not prefer any charges because he did not think the captain would be convolted, Ibid., p. 651.

<sup>201.</sup> Ibid., p. 435, 1722.

<sup>202.</sup> General Barnett testified that these killings had taken place under Colonel Russell who had not, however, brought them to his attention. In a confidential letter of December 7, 1919 Colonel John H. Russell wrote that "it appeared that in numerous instances Haitian prisoners were summarily executed without trial..." Ibid., p. 1830.

<sup>203.</sup> For the controversy between General Barnett and Secretary Josephus Daniels over the question, cf. 4bid., p. 432.

<sup>204.</sup> Ibid., p. 85.

graves and then shooting them without trial.

In the 1920 election campaign Mr. Warren Harding denounced the occupation of Haiti under the Wilson administration, and, partly as a result of the protest of the Haitians and the campaign of the New York Nation and various organizations, the Senate in 1921 authorized a committee to investigate the occupation of both Haiti and Santo Domingo.

This committee, the chairman of which was Senator Medill McCormick, held hearings in Washington, Haiti and Santo Domingo between May 1921 and June 1922. It declared that it was reasonably satisfied that ten cases of unauthorized executions of captives had taken place. Of the three American officers responsible, one was dead, a

second insane, and the third had been discharged from the service. It concluded that the accusations of military abuses were limited in point of time to a few months and in location to restricted areas and that they were directed against very few of the many Americans who have served in Haiti. While it expressed "chagrin at the improper or criminal conduct of some few members of the Marine Corps," it condemned the efforts of individuals and committees "to bring into general disrepute the whole American naval force in Haiti." The committee expressed its "admiration for the manner in which our men accomplished their dangerous and delicate task." It did. however, condemn the use of the corvée system which carried laborers away from their homes, and the failure to require daily operation reports from patrol leaders.205

#### THE POLITICAL CONTROVERSY

Despite the suppression of the Haitian legislature, conflicts between the American authorities and the Haitian Executive continued to arise. Most of these conflicts were over the interpretation of the 1915 conven-President Dartiguenave's view was that the convention merely authorized the United States to give advice to Haitian officials, who would continue to be fully responsible for the administration of their departments. He insisted, therefore, upon a restricted interpretation of the convention. Believing that no good could come out of the occupation unless the United States established an effective authority, the State Department demanded a broad interpretation; and in the great majority of cases the American interpretation prevailed.206

Thus in negotiating a gendarmerie agreement, the State Department demanded that the direction of posts and telegraphs and other services be handed over to the gendarmerie. Haiti, however, insisted that nothing in the 1915 convention gave to the United States authority over these services. The was finally agreed that the telephones and telegraphs should be placed under the American treaty engineers. 208

Another difference of interpretation arose in regard to the appointment of customs employees. The convention of 1915 authorized an American General Receiver to "collect, receive and apply" all customs duties. It was the contention of the Haitian government, however, that the office of the General Receiver should be distinct from the ordinary customs service, and that the Haitian government should retain the exclusive power to choose the personnel in this latter service. The United States denied this interpretation, and the Haitian government (March 26, 1917) gave way, but expressly reserved the right to arbitrate the question.209 Today the entire customs personnel of Haiti is "nominated" by the American Receiver.

tary of the Haitlan Chamber, cf. p. 847; Ibid., p. 217.

<sup>205.</sup> It must be remembered that this investigation was set on foot three or four years after the alleged atrocities had taken place, and that since few records were kept of the detailed military operations, cross-examination of witnesses was the chief means of verifying the facts, that this cross-examination had to take place through interpreters, and that in many cases the witnesses were primitive and totally undeducated people. The Senate committee declared that the testimony of most native witnesses was highly unreliable and ought to be closely scrutinized, adding that many unfounded accusations had been made. A Haltian writer states that the habit of telling the truth is a quality which "seems lacking in the great majority of Haitians." He attributes this to the colonial regime, under which it was necessary for the slaves to deceive their masters. Bellegarde, Pour une Haits Heureuss, Vol. I, p. 159.

<sup>206.</sup> Foreign Relations, 1916, p. 332. Following the signature of the convention of September 1915, the two governments entered into supplementary agreements, fixing the salaries of American officials and providing for the organization of the gendermerle.

<sup>201.</sup> Borno Report, p. 196.
203. Foreign Relations, 1916, p. 337. Further controversies arose over putting the modus wwends into effect. Cf. p. 347.
Borno Report, p. 8, 216, ff.
209. This point was covered by the interpretative commen-

### AMERICAN CONTROL OVER EXPENDITURE

The Haitian authorities also contended that the Receiver should hand over the funds collected to the Haitian government for disbursement.210 They pointed out that the 1915 convention merely stated that the Financial Adviser should "recommend" improved methods of collecting and applying revenues. Nevertheless, a few days before the end of its session in October 1918 the American Financial Adviser sent to the Council of State a number of financial bills, drawn up only in English, including a proposal that the Haitian Minister of Finance should not be empowered to make out any vouchers authorizing payment by the bank unless they had first received the visa of the Financial Adviser. The Financial Adviser asked for an immediate vote on all of these projects so as to enable him to pay certain salaries. The Council of State declared, however, that while it was willing to vote supplementary credits for salaries, it could not accept the other proposals without first examining them: the Financial Adviser had known when the Council of State was to convene, and he should have presented his projects earlier; he had not done so because of a "prolonged and unjustified" absence from the country; his projects contained, moreover, a number of errors, such as estimating certain sums in paper gourdes when they should have been estimated in gold. The Council of State declared, moreover, that it could not accept the demand to give the Financial Adviser control over all Haitian expenditures, since this was contrary to the Constitution and to the treaty of 1915.

Colonel John H. Russell, commandant of the Marine Brigade, now intervened, and by virtue of his authority under martial law ordered the National Bank to stop payments to the Haitian government. He then advised the Council of State to put into effect the "finance laws" presented by the Adviser.311

The Financial Adviser also refused to pay the funeral expenses of the Haitian Minister who had just died in Washington, on the ground that the Council of State had not accepted his proposals. In the midst of the controversy Le Nouvelliste published a rumor that the Financial Adviser had been recalled. For this offense the military provost court suspended the paper for three months and fined the editor \$300,212 Deprived of its financial resources, the Haitian government finally agreed on December 3. 1918 that all expenditures should be subject to the pre-audit of the Financial Adviser.213 It nevertheless appealed to the State Department, asserting that it was only force that had obliged it to surrender. It declared that under the convention the Financial Adviser was merely an adviser, but now he had become supreme over the government. It asked-but unsuccessfully-that its own control over expenditure be restored.214

Thus the American authorities secured the right not only to veto any item in the Haitian estimates but to see to it that every expenditure was made in accordance with law.215 The American authorities believed that to accomplish their purposes it was necessary not only to maintain control over expenditures, but to make sure that no legislation was enacted or interpreted so as to be in conflict with the 1915 convention, as interpreted by the United States. It also insisted that the Council of State enact legislation deemed necessary to reorganize the country.

## VETO POWER IN LEGISLATION

In August 1918 the two governments agreed that "all proposed legislation bearing upon any of the objects of the Treaty should be submitted to the representative of the United States for his information" and, if necessary, for "discussion between the two governments" prior to its enactment.216 This agreement did not state who should decide whether a given bill related

<sup>210.</sup> This is the system followed by the receivership in Santo Dominge, in so far as collections in excess of payments on the public debt are concerned.

211. For the text of his letter, of. Documents Disjointifiques, 1931, p. 33. In 1919 Colonel Russell wrote to the commandant of the Marine Corps in Washington: "Yesterday I accompanied the American Minister on a visit to the Fresident, with the the American Minister on a visit to the Fresident, with the result that one of the cabinet members who has been a great obstructionist has resigned, so that the political situation is also much brighter." Upon another occasion another Amer-ican official persuaded President Dartiguenave to retain a Minister of Finance, who was "the only minister who really was in favor of American intervention." Inquiry, p. 428, 690.

<sup>212.</sup> When the Haitian government protested against this among other acts, Secretary Lansing replied that the "sen-tence is considered as in all ways a proper punishment of the offense committed." Ibid., p. 175.

<sup>213.</sup> Ibid., p. 36, 48. Cf. also p. 366.

<sup>214.</sup> Ibid., p. 58.

<sup>215.</sup> For the veto of educational expenditures, cf. p. 363.

<sup>216.</sup> Documents Diplomatiques, 1921, p. 6.

to the treaty or not, nor did it give a veto power to the United States. Nevertheless. in July 1919 the American Minister protested against the enactment of a law on pensions and one on trademarks on the ground that they had not been approved by the legation. The Haitian authorities declared, however, that these had not been submitted to the legation because they did not concern any article in the treaty. The State Department replied that the President of Haiti had promised the American Minister in November 1918 that to avoid any misunderstanding all proposed legislation would be submitted to the United States. The Haitian government replied that while the United States had advanced such a proposal, the latter had not been accepted.217

Following the passage of further laws which the Haitian President declared to be unrelated to the treaty, the Financial Adviser in July 1920 sent a note to the Haitian Minister of Finance stating that it was necessary to suspend consideration of the 1920-1921 budget "until certain matters of considerable importance" had been settled. At the suggestion of the American Secretary of State he also suspended the payment of government salaries.<sup>218</sup>

Following a protest from President Dartiguenave to the effect that this action was an "assault upon the dignity of the Haitian people," the State Department declared that salaries would be paid only after the Haitian government had repealed eleven laws passed "in violation" of the agreement of August 1918, and had enacted four new laws—reaffirming the gourde as the legal money, providing for the lease of State land, modifying the charter of the National Bank and providing for its transfer to American interests.<sup>219</sup>

After a bitter controversy, the State Department in October 1920 declared that it would not insist upon the repeal of the eleven laws, but merely upon their modification.<sup>220</sup> For its part, the Haitian government promised in November that it would communicate to the American Legation "every project of law whatsoever" which

implied an interpretation of one of the articles of the 1915 treaty.<sup>221</sup> Since this date it seems that the American Legation has exercised a veto power over all Haitian laws. In some cases the legation delayed two years before expressing an opinion on a proposal.<sup>222</sup>

The American authorities also ignored those Haitian laws enacted before the occupation which in their opinion did not conform to the treaty. In 1918 the Haitian government appointed a commission, in accordance with the customs law of 1905. to decide a dispute between a collector of customs and certain merchants. The General Receiver declared that the appointment of this commission was null and void on the ground that the General Receiver had jurisdiction over all customs disputes. American Minister declared: "The treaty of 1915 nullifies all Haitian laws which are not in harmony with its provisions. . . . "223 According to the General Receiver, the appointment of this commission usurped "the powers, duties and rights of the General Receiver of Customs of the Republic of Haiti, whose Executive and Administrative acts and rulings can only be inquired into by the Judicial Tribunals of the Land."224

## HAITIAN COURTS

Despite this statement and although the convention is silent as to American control over the courts, the American authorities now ignored decisions of the Haitian courts bearing upon their activities. As an example there may be cited a case in which a Haitian court awarded \$105,000 for damages done to certain land by the government. when appraisers had fixed the damages at \$150. It was reported later that the government attorney, judge and even certain members of the Cabinet and legislature were to receive a portion of the award. The Financial Adviser declined to make the payment ordered by the court, on the ground that it was fraudulent. In another case some goods belonging to Syrian merchants were damaged by rain while in the customhouse. The owners requested the Financial Adviser to pay

<sup>217.</sup> Ibid., p. 21.

<sup>218.</sup> Mr. McIlhenny, Inquiry, p. 1407, 1435.

<sup>219.</sup> Documents Diplomatiques, 1921, p. 81. Cf. p. 368.

<sup>220.</sup> Ibid., p. 99.

<sup>221.</sup> Ibid., p. 27. 222. Cf. p. 861.

<sup>223.</sup> Documents Diplomatiques, p. 200.

<sup>224.</sup> Ibid., p. 191.

damages. He declined, however, on the ground that under the law the customs administration was liable only for theft. The Syrians then took the matter to the Haitian courts, which awarded damages of \$653. The Receiver declined to pay, on the ground that the courts could not take away the discretion vested in him by the 1915 convention.225 Not only did the American authorities thus ignore the judgments of Haitian courts, but when Haitian courts and juries acquitted Haitians of violating the rulings of American authorities, these Haitians could be tried by American provost courts.226

By such methods the United States established control over the legislative system of Haiti and ignored the local judiciary, thus avoiding two possible obstructions to American administration. President Dartiquenave and his Council of State still remained. however, and as indicated in the last few pages, they opposed vigorously many of the suggestions of the American authorities. Serious conflicts also came into existence over educational questions.227 The Haitian government, moreover, was loath to enact legislation transferring the National Bank to American banking interests, and authorizing foreign ownership of land upon the terms desired by the United States. Likewise it raised obstacles to the settlement of foreign claims and to the transfer of the collection of internal revenue to the American government. Finally, President Dartiguenave became hostile to the foreign loan, as proposed by the United States.

### "UNJUST TYRANNY"

In his effort to resist the American establishment of control beyond the Haitian

225. Judgment of Tribunal of First Instance, Port-au-Prince, May 16, 1927, State vs. the Kaucas Hermanos. Although this case took place after 1922, it is mentioned here since it illustrates a principle established before that date.

227. Cf. p. 361,

government's interpretation of the treaty. President Dartiguenave frequently went over the heads of the officials on the spot with direct appeals to Washington. November 15, 1918 the Haitian government sent a telegram to the State Department declaring that the "Haitian people are at the mercy of a vexatious and unjust tyranny of American officials." Haiti was willing to "co-operate" in bringing about reforms, but it did not wish to submit to "imperative injunctions."228 The government soon afterwards instructed its Minister in Paris to take up the Haitian question with Secretary Lansing and with President Wilson, then attending the Peace Conference; but the Minister reported that Mr. Wilson was too occupied with other affairs to give him an interview.229 The government likewise attempted to send Mr. Borno, the Foreign Minister, to Washington to take up the difficulties in person; but allegedly because of intimidation by the American officials on the spot he failed to go.230

At the request of the State Department for details in support of past charges, the Haitian government dispatched a long memoir on January 25, 1919, summarizing its complaints. A second long protest was sent on April 5. The Haitian government declared that the caco revolt was due to the corvée system and to the brutalities of gendarmes under American command. It declared that there was general discontent because of the maintenance of martial law. the "excessive severity" of the provost courts, the violation of the Haitian Constitution by American officials, the failure to pay interest on the Haitian debt, the "systematic refusal of the American occupation to take account of the views of the Haitian government," the failure of the United States to cooperate with the Haitians and. after three years, to bring about any economic reforms. What was needed in the American Occupation was "a knowledge of the true needs of the people, and of its mentality." Active sympathy was of more importance than "military power."231

In October Secretary Lansing replied that the American officials in Haiti declared that

<sup>226.</sup> In 1917 President Dartiguenave declared that the "enreachment of the American Agents is equally felt in the Administration of Justice. . . There is every necessity that this state of affairs cases as soon as possible." Expose 66-neral de la Situation de la République d'Haiti, 1917, p. 15. Howwer, when American officers in the gendarmerle declined to enforce a sentence against a merchant on the ground that the sentence was unjust, General Catlin, the Brigade Commander, ordered that this action was "entirely without justification... All persons in Halti, no matter what their nationality, except the military and diplomatic representatives, are subject to the law of the country. It is not within the province of the Gen-darmerle Officers to decide whether a decision is rendered in accordance with the testimony or not, but it is their duty to carry out all orders of the courts which are not pulpably il-legal or contrary to law." (Documents Diplomatiques, 1921.) p. 215.)

<sup>228.</sup> Documents Diplomatiques, 1921, p. 41.

<sup>229.</sup> Ibid., p. 53.

<sup>230.</sup> Bellegarde, Pour Une Haiti Heureuse, Vol. II, p. 94.

<sup>231.</sup> Ibid., p. 41, 173.

the Haitian charges were groundless. Haiti had appealed for justice; in reply, the government of the United States desired to point out "that the courts of Haiti are open and are solely under the control of the government of Haiti." Mr. Lansing declared that the treaty officials were well aware of the "mentality" of the Haitians, but without the "constant cooperation" of Haitian officials, conditions could not improve as rapidly as desired. He closed by expressing the hope that the government would "see the advisability of appointing officials who will lend efficient assistance in this respect." 232

In August 1920 the Haitian government declared that the 1915 convention provided for "cooperation" but that the American Minister and the Financial Adviser neither "discussed" nor "advised." They regarded their decisions as orders which the local government was expected to carry out. They vetoed Haitian proposals without giving any reasons, and demanded that the Haitian government accept their projects "without discussion." About this time the Haitian Cabinet considered the advisability of appealing to the League of Nations against the United States, under Article X of the Covenant.<sup>233</sup>

At the time of the Mayo inquiry, President Dartiguenave gave out a long statement to the accompanying newspaper men, criticizing the American régime.234 following the American election of 1920, President Dartiguenave on January 24, 1921 sent a long message to President Harding. who had criticized the Haitian occupation during the election campaign. He expressed the hope that a new administration at Washington might mean a change in Haitian policy. The convention of 1915 might have been made in the interests of Haiti, but "by the fault of American officials the Haitian people had reached the conclusion that this convention had been imposed upon them, not as a beneficent necessity, but as a violence to the profit of others." American officials had made no effort to understand the Haitian people. They had declined to cooperate with the Haitian officials. President Dartiguenave asked that the organization of the gendarmerie should be improved, and, when this had been accomplished, that the troops of occupation should be withdrawn. He asked for the suppression of the provost courts; the respect of Haitian rights under the Constitution; assistance in the improvement of Haitian finance and education; cooperation of American officials with the Haitian authorities, and a definition of the powers of the Financial Adviser in accordance with the convention.<sup>225</sup>

## PRESIDENT BORNO'S ELECTION

President Dartiguenave's term of office came to an end in 1922. Despite the fact that he was a candidate for re-election, and had appointed the members of the Council of State, the Council nevertheless selected Louis Borno as President. The statement has been made that Borno secured election by bribing members of the Council.236 The statement has also been made that to aid his election Borno was loaned about \$25,000 by the Royal Bank of Canada. There is no evidence available, however, to show that the American authorities influenced the election of the President in 1922 as they had in 1915, in spite of the fact that President Dartiguenave had proved distasteful to the United States, and that his attitude was holding up the loan.237

Nevertheless, with the election of President Borno, the opposition of the Haitian government to the demands of the American authorities came to an end. The Borno government now transferred the National Bank to American interests, consented to the establishment of a claims commission and contracted a foreign loan. It also consented that the United States take over the administration of internal revenue, the direction of the medical school and agricultural education-which the previous administration had opposed.238 In return, the American authorities supported President Borno against possible attacks from his enemies.

Between 1915 and 1922 the Haitian government had attempted to retain its admin-

<sup>232.</sup> Ibid., p. 177.

<sup>233.</sup> Ibid., p. 84, 105, 148.

<sup>234.</sup> For the text, cf. 4bid., p. 154.

<sup>225.</sup> He also asked that the offices of Financial Adviser and General Receiver be combined. Ibid., p. 229; cf. also p. 385.
236. P. H. Douglas, "The American Occupation of Halit."
Part II, Political Science Quarterly, June 1927, p. 256.
227. Cf. p. 899.

<sup>238.</sup> Cf. p. 361,

istrative independence, subject only to the "advice" of the officials named in the convention of 1915. During this period the United States demanded, however, that the treaty officials receive authority to make their advice effective, and to carry out the objects of the intervention. It was the American view that the Haitian officials were completely lacking in administrative fitness, and that they were chiefly interested in exploiting the peasant population and indulging in various forms of graft. The Americans believed that the Haitian officials repeatedly raised objections to the American demands not because of any disinterested desire to protect Haitian "independence," but simply because the granting of these demands would end their exactions upon the Haitian people.

The Senate Investigating Committee in its report of 1922 declared, however, that not only had certain Americans been chosen for service in Haiti who were unsuited to their tasks, but that they had been transferred from one responsible post to another before they could very well have learned the duties to which they had been appointed. It declared that the United States had failed to develop a definite and

constructive policy under the treaty or to centralize responsibility.

## THE FIRST AMERICAN HIGH COMMISSIONER

In December 1921 the chairman of the Senate committee declared that a high commissioner should be appointed to coordinate the activities of the treaty officials. In 1922 the State Department appointed to this post Brigadier-General John H. Russell, who had formerly served in Haiti,239 Although his appointment was not referred to the Senate for approval,240 General Russell was given the diplomatic rank of Envoy Extraordinary. Originally it was announced that he was sent to "investigate," but later it was stated that his task was to coordinate American activities. Since the death of Minister Bailly-Blanchard in 1925 no American Minister to Haiti has been named. Thus the appointment of General Russell as High Commissioner and the election of M. Louis Borno as President inaugurated a new era in the American occupation of Haiti. Thenceforth the American officials and the Haitian authorities pursued a policy of cordial cooperation. Opposition to the Occupation and to its policies, however, was now transferred to Haitiains outside the government.241

#### PART THREE

## **ACHIEVEMENTS OF THE OCCUPATION, 1922-1929**

Owing to the World War and to the difficulties between the Haitian and American governments which have already been described, little progress in the material regeneration of Haiti was made until after 1922. Since that date, however, the American Occupation, working in cooperation with the Haitian authorities, has undertaken to carry out a rehabilitation program of sweeping character. The immediate duty of the Occupation was to bring to an end the conditions of disorder and the revolutions which had recurrently disturbed the country, particularly between 1911 and 1915. The Occupation also attempted to give to Haiti a system of communications and public works which would

make possible the economic development of the country. Its third objective was the improvement of public health-a task of particular importance in a tropical country. Its fourth purpose was to install a system of agricultural and vocational education, which would teach Haitians the dignity of labor and show them how to promote the agricultural development of their country. A fifth aim was the financial and economic reorganization of the country. Finally, the American Occupation was confronted with questions of method-how to bring about the necessary reforms and how to teach the Haitian people to govern themselves so that, if and when the United States leaves the island, there shall not be

<sup>239.</sup> His appointment was criticized on the ground that General Russell had been the brigade commander in Haiti under whom alleged abuses had occurred. Inquiry, p. 1519.

<sup>240.</sup> Cf. H. M. Wriston, Executive Agents in American Foreign Relations, 1929, p. 803.

<sup>241.</sup> Cf. p. 388.

a recurrence of the same conditions which led to the intervention.

This work has been undertaken under the direction of the American High Commissioner and the treaty officials, assisted by about 200 other Americans. Although in the adjoining Dominican Republic American authorities established a military government to the exclusion of all Dominican authorities.242 in Haiti the American Occupation has governed in collaboration with the President, the Cabinet and the Council of State. It should be pointed out, however, that as far as international affairs are concerned, Haiti has maintained its independence throughout the period of intervention. participating ostensibly upon a basis of equality with other States in the Pan American Union and the League of Nations.

## I. MAINTENANCE OF ORDER AND SECURITY

One of the most obvious accomplishments of the American Occupation has been the establishment and maintenance of order and security in Haiti. Since the end of the caco revolt in 1920, the country has enjoyed a period of tranquillity. It has been free from fighting, and also from the petty exactions imposed under the old régime. A peasant recently stated to a treaty official:

"Formerly we had no peace. My sons were taken away from me, my crops were destroyed. You have come and given us peace. I can now work my garden and sell my crops. I am protected and assisted. We would fight for you!"243

It is the belief of many observers that as a result of the American Occupation the people of Haiti have come to understand the advantages of order and stability.

To do away with instruments of revolution, the American Occupation has eliminated the old Haitian army and disarmed the people. The convention of 1915 provided for the establishment of a gendarmerie—or Garde, as it has been officially termed since November 1928—as the sole military and police organization. Many officers of the Garde are appointed by the President of Haiti upon nomination by the President of

the United States.<sup>244</sup> Although appropriations for the Garde are included in the budget of the Haitian Department of the Interior, the commandant depends directly upon the President of Haiti. At present the Garde has an authorized strength of 2,537 men, and its cost absorbs 15.69 per cent of the annual revenue of the government.

American officers testify that Haitians make good soldiers and are capable of becoming well-disciplined. In 1928 re-enlistments in the Garde were 93.6 per cent, while desertions were only .0063 per cent.245 Originally nearly all of the non-commissioned and commissioned officers in the gendarmerie were American Marines, many of them privates. But in 1927 the commandant of the gendarmerie announced a policy of increasing the number of Haitian officers.246 Under this policy the proportion of Haitian officers went up from 19 per cent in 1922 to 38 per cent in 1928. In two of the twentyone districts and in half of the sub-districts the officers were entirely Haitian. In 1928 4 out of the 21 gendarmerie captains were Haitian, 13 out of 53 first lieutenants and 40 out of 77 second lieutenants. The American authorities look forward "to the eventual change of the Garde into a force wholly officered and manned by Haitian personnel."247 Haitian officers are trained at the Ecole Militaire.

At present the Haitian Garde does far more than maintain order. It is in charge of the prisons;<sup>248</sup> through the Coast Guard it maintains and operates lighthouses; it is also in charge of radio receivers and equipment; it conducts road censuses; it controls traffic, supervises the sale of arms, and organizes and controls certain fire departments; it has constructed and maintains 293

<sup>244.</sup> For the protocol of 1916 fixing the size and cost of the gendarmerle, ct. Foreign Eelations, 1915, p. 334. The agreement has been amended from time to time. Bidd., 1917, p. 809 ff. An act of Congress of 1918 authorized the President to detail officers and emiliated men in the Navy and Marine Corps to assist the Hallian government. Vol. 39, Part I, U. S. Statutes 223 (64th Congress, 1at Session, 1916).

<sup>233 (</sup>with Congress, lat Session, 1916).

246. Report of the Commandant, Garde d'Hoiti, 1928, p. 21.
The ordinary death rate in the gendarmerle increased from
3.9 per cent in 1927 to 14.0 per cent in 1928. This increase
was due to the fact that gendarmes who formerly were discharged upon contracting tuberculosis were now allowed to
remain, some of them dying in the service. Thirty-seven per
cent of the deaths were due to tuberculosis. 1944, p. 34.

<sup>246.</sup> In 1922 General Smedley Batler, at one time commandant of the gendarmerie, sald, "If I had charge, I would appoint no Haitlan officers of the gendarmerie, because they will abuse the natives." Inquiry, p. 534.

<sup>247.</sup> Report of the High Commissioner, 1928, p. 37.

<sup>248.</sup> The death rate in the Haitian prisons for 1927 was 38.1 per thousand; in 1928 it was 29.2, or twice the Garde death rate. In New York State in 1927 the prison death rate was only 7.2 per thousand.

<sup>242.</sup> Summer Welles, Naboth's Vineyard, Vol. II, Chapter XIV.

<sup>243.</sup> Report of the High Commissioner, 1928, p. 2.

miles of telephone lines; it has a system of military intelligence by which all persons "of potential danger to security and order" may he kept "under efficient surveillance in any part of the island."249 Officers of the gendarmerie act as advisers to the communal governments and as representatives of the executive power in local courts.

## II. ROADS AND PUBLIC WORKS

In pursuing its second objective—the construction of a system of communications and public works-the American Occupation has apparently gone on the theory that "improved roads are an index to the industrial development of any country."250 Progress along administrative, educational and health lines has likewise been recognized to depend upon the construction of public buildings, including schools and hospitals. The efficiency of a public works department, as the experience of pork-barrel legislation and municipal politics generally in the United States shows, depends not only upon the technical competence of engineers, but also upon the honesty of governmental administration. both of which qualities seem to have been deficient in Haiti prior to the American intervention.

While the Haitian government had paved certain streets in Port-au-Prince before the American Occupation, and had built the National Palace and the Caserne Dessalines.251 and while a few miles of road were in existence, most of the public works in Haiti today are the result of the American Occupation. They have been carried out by the Direction Générale of Public Works, headed by an engineer in chief from the Engineers' Corps of the Navy who is technically responsible to the Haitian Minister of the Interior. The number of American engineers in the department has increased from 10 in 1923 to 29 (including foremen) in 1928; 11 of the 29 are treaty engineers.252 The number of Haitian commissioned engineers and architects has increased from 19 in 1923 to 27 in 1928.253 A Haitian engineer is assistant director in each of the seven departments into which the engineering service is divided.

As a result of the activities of the American Occupation more than a thousand kilometres of road have been constructed and today 1.500 kilometres are maintained. Likewise a large number of buildings have been erected, such as the Palais de Finance. the gendarmerie headquarters, the College of Damien, the Haitian General Hospital, the Palais de Justice, and numerous other buildings, including barracks, schools and dispensaries. The American Occupation has also paved additional streets in Port-au-Prince; covered the country with an efficient telephone and telegraph system; improved water works and drainage; operated 137 kilometres of irrigation canals; constructed four concrete wharfs and one timber wharf at various ports; and increased the number of lighthouses from four to fifteen.254 The expenditure on public works has increased from one-sixth of total expenditures in 1925 to one-third in 1928.255

While many Haitians appreciate these public works, critics assert that much unnecessary construction has taken place. They hold that a costly and elaborate survey of the Artibonite valley proved of no value to the people; that Port-au-Prince has been favored in contrast to the rest of the country; that native trails have not been kept up, but that an over-elaborate highway system has been developed which will be difficult both from the financial and technical standpoints for an independent Haitian government to maintain. They complain that convict labor has been used by the gendarmerie in road work.256

### III. PUBLIC HEALTH

In an undeveloped country, particularly if located in the tropics, disease is likely to

<sup>250.</sup> Report of the Senate Investigating Committee, No. 784, p. 2.

<sup>251.</sup> Two monuments to the energy of King Christophe are the Palace of Sans Souci and the Citadel of La Ferrière, the ruins of which may still be seen at Cap-Haitlen. Many public works under the old régime in Haitl were built by foreigners. Thus foreign concessions were granted in the case of the electric light system of a number of cities, in the construction and operation of wharfs, and in other matters. Cf. p. 334.

<sup>252.</sup> Nine out of the ten treaty engineers in 1923 were naval officers. Report of the Engineer in Chief, 1927-1928, p. 12, 16.

<sup>253.</sup> Ibid., p. 12; also ibid., 1922-1923, p. 1. Several Haitian engineers received their training in France; others attended the local engineering school, which is in private hands.

<sup>254.</sup> Cf. the charts in the Report of the High Commissioner, 1928, p. 81 ff., and the article by Captain F. H. Cooke, The World (N. T.), February 24, 1929, in reply to a critical article by Mr. N. B. Marshall in The World of February 10, 1929.

<sup>255.</sup> Report of the High Commissioner, 1925, p. 14.

<sup>256.</sup> Auguste, "La Corvée et la Direction Générale des Travaux Publics," La Presse, September 12, 1929.

be widespread and private physicians few. Under such conditions the promotion of public health and hygiene becomes a government responsibility of extreme importance. In the case of Haiti the 1915 convention authorized the United States to improve the "sanitation" of the country. And toward this end the Occupation has established the Direction Générale of the Public Health Service, responsible to the Haitian Minister of the Interior. The service is headed by an officer of the Medical Corps of the United States Navy, and contains about 36 other Americans, of whom 17 are medical officers from the United States Navy. The service also contains about 41 Haitian commissioned physicians.257

In 1926, after a long controversy, the Haitian government placed the National Medical School under the control of the American authorities. 258 Government funds were now appropriated to erect a new building, the equipment of which was purchased with a grant of \$30,000 from the Rockefeller Foundation. This foundation also established fellowships which made it possible for a number of Haitian doctors to carry on special studies at medical schools in France and the United States. their return to Haiti they became professors in the medical school. At present all lectures in the school are given by Haitian doctors. The Americans act only as supervisors in the laboratory work and elsewhere. Through the medical school a corps of Haitian doctors is thus being trained. American physicians assert that Haitians make excellent surgeons.259

The actual Public Health Service maintains ten hospitals, each of which is the capital of a health district, under the charge of an American health officer with a Haitian assistant. The number of admissions to hospitals increased from 7,608 in 1924-1925 to 8,844 in 1927-1928. In the British colony of Kenya, having about the same population

as Haiti, native admissions to hospitals in 1923-1924 were 25,990, or nearly three times the number of admissions in Haiti.<sup>260</sup>

The Haitian medical service, however, has emphasized the establishment of rural clinics, the number of which increased from 16 in 1924-1925 to 139 in 1928.261 During this period the total number of consultations at such clinics increased from 146,579 to 866,673. The latter figure is more than five times as large as the number of admissions in Kenya dispensaries (163,603), and it is nearly four times as large as dispensary admissions in British Uganda (240.000): 8.9 per cent of Haitian government expenditures, or 40 cents per capita, goes to public health, in comparison with 9.65 per cent in British East Africa, 6.84 per cent in British West Africa, and 11.34 per cent in Porto Rico.

The most serious diseases to be combated in Haiti are hookworm, syphilis, tuberculosis and malaria. The Haitian Public Health Service has attacked these diseases not only by curative treatment, such as injections, but wherever possible by a system of sanitation. The department feels, however, that illiteracy is a bar to further progress. "At every turn one is confronted with a wall of superstition and ignorance." 263

Apparently the health situation is also influenced by the general under-nourishment of the population. The diet consists of beans, dried fish and fruit, but is lacking in Although Haiti is an agricultural meat. country, 30.02 per cent of all imports in 1927-1928 consisted of foodstuffs, the most important being wheat flour, smoked or salted fish; and rice.263 The improvement of the diet of the Haitian peasant would seem to depend more upon a development of native agriculture than upon the work of public health officers. Most Haitians agree that the Public Health Service is efficiently conducted and that it has greatly benefited the country.

#### IV. THE EDUCATIONAL SYSTEM

To establish a system of agricultural and industrial education that will eventually lead to the economic development of the

country has been a fourth objective of the American Occupation. The need of a proper

<sup>257.</sup> Report of the Director General, Public Health Service, 1927-1928, p. 140.

<sup>1921-1925,</sup> p. 140. 288. July 16, 1926, Le Montteur, 1926, p. 354. Cf. also law of December 5, 1924, blid., 1924, p. 631. 259. Cf. p. 330.

<sup>260.</sup> Buell, op. oit., Vol. I, p. 386.

<sup>261.</sup> Report of the Sanitary Engineer, 1924-1925, p. 60; ibid., 1927-1928, p. 16.

<sup>262.</sup> Report of the Director General, Public Health Service, 1928, p. 2.

<sup>263.</sup> Financial Adviser, 1927-1928, p. 168.

type of educational system has been recognized by many Haitians; and between 1915 and 1922 the Dartiguenave government made several attempts to bring about educational changes and to obtain larger funds for the Department of Public Instruction. Each attempt was blocked, however, by the American authorities, who took the view that the Haitian school system was hopelessly corrupt and inefficient and that enlarged appropriations without American control would simply increase existing evils. They also declared that revenues were as vet inadequate to meet any but essential The Haitian government, on the other hand, contended that the United States deliberately followed a policy of blocking Haitian initiative so that "nothing would be undertaken in Haiti, the credit for which could not wholly be attributed to the Amerieans."284

A case in point was the bill passed in 1918 by the Haitian Council of State, providing for a system of agricultural education and inspection and for the abolition of the cor-The American commandant of the gendarmerie, while commending the Haitian Minister of Public Instruction for his "energy" and "competence," expressed opposition to the proposal. In August 1918 the Haitian government presented the agricultural law to the American Legation for approval. Two years later President Dartiguenave complained that the legation had made no reply in regard to a project which was of "the greatest importance for Haitian agriculture."265

Upon several occasions the Haitian government attempted to establish normal schools to train elementary teachers, only to have each attempt vetoed by the Financial Adviser or the American Minister. In one case the appropriation of a monthly sum of only \$603 was involved. In another it was a question of permitting the Fathers of the Holy Spirit to open a normal school at Portau-Prince without additional expense to the government.<sup>266</sup> A Haitian project to authorize a Catholic order to open a trade school was similarly vetoed, as was a proposal of the Council of State to utilize certain unex-

264. Bellegarde, Pour Une Haitt Heureuse, Vol. II, p. 242.

285. Documents Diplomatiques, 1921, p. 84.

pended funds to establish six scholarships in the girls' normal school.<sup>287</sup> The Financial Adviser vetoed at least three attempts to impose taxes for school purposes.<sup>268</sup>

Defeated in its attempt to train elementary teachers, the Haitian government now attempted to improve instruction in the lycées. After long negotiation, the French government agreed to allow three professors to come to Haiti from France to give lycée instruction. Since the project called for an appropriation, it was necessary to gain the consent of the American Financial Adviser. After delaying more than a year in giving a reply, because of absence in the United States,269 the Financial Adviser at first asked that the contracts be modified so that the professors would have to teach 25 hours instead of 15 hours a week, and so that their salaries would be reduced from \$250 to \$200 a month. He finally vetoed the project entirely.270 Shortly afterward the same official, fearing the spread of plague from New Orleans, ordered the employment of two professional rat-catchers at salaries of \$250 a month.271 Some Haitians complained that the Financial Adviser in long and expensive trips to the United States expended large sums which would have been more profitably used for educational purposes in the country itself.

Difficulties also arose over the school of medicine. President Dartiguenave asked six of the professors in this school to resign because they had not voted for the Constitution of 1918; after protests had been made. however, the President reinstated them. The American in charge of hygiene. Commander McLean, now asked that the medical school be suppressed, on the ground that its work was inefficient and that the school was controlled by politics. He believed it should be supplanted by an establishment directed by Americans. Commander McLean is then reported to have ordered all the equipment of the National Medical School forcibly thrown into the street. The explanation given for this action was that the building

<sup>266.</sup> Bellegarde, Pour Une Haitt Heureuse, Vol. II, p. 178, 201.

<sup>267.</sup> Ibid., p. 212, 204, 208.

<sup>268.</sup> Ibid., p. 74, 219.

<sup>269.</sup> Apparently in connection with loan negotiations. Cf. p. 370.

<sup>270.</sup> Bellegarde, Pour Une Haîts Heureuse, Vol. II, p. 181, 188.

<sup>271.</sup> Cf. President Dartiguenave's interview with American newspaper men, 1920. Inquiry, p. 20.

was to be utilized for the school of dispensers established by American authorities.272

## AMERICAN SUPERVISION OF EDUCATION

Although the convention of 1915 did not expressly give the United States control over education, the American Occupation in 1917 invited a Mr. Bourgeois, a county superintendent of schools in Louisiana who spoke French fluently, to come to Haiti as Superintendent of Public Instruction. He was paid a salary of \$5,000 a year.273 In the following year the Financial Adviser asked the government to appoint 26 North American school inspectors-a suggestion which Haiti declined. On June 13, 1920 the American Superintendent sent a memorandum to the Haitian government, stating that the Haitian people would not support any attempt at educational reform "if it came from members of their own race"; he therefore demanded the appointment of six American inspectors and asked that the number of Haitian teachers be reduced from 1.300 to 400,274 Apparently this demand was prompted by the belief that many of the Haitian teachers were political appointees who did no work, and that the reduction of teachers would make possible an increase in salaries. The Haitian government, however, indignantly asked for M. Bourgeois' resignation-a request with which he complied.

On December 3, 1920 Major-General Lejeune, commandant of the United States Marine Corps, wrote that the Navy Department would "be pleased to assist" in establishing an efficient educational system in Haiti.275 Apparently inspired by this letter, the State Department sent a memorandum to the Haitian government on December 21. 1920 asserting that there had been no tangible improvement in the educational system since 1915, and that while the convention did not specifically include education, it was "evident that the obligation of the United States under the treaty to assist in the carrying out of plans for the prosperity of

the Haitian Republic comprises the duty of aiding the Haitian government in every proper way to establish the system of public instruction on a sound foundation. . . . "276 The State Department asked the Haitian government to appoint a technical adviser on education, to be nominated by the Department of State and to appoint a commission of three Haitians and three Americans-including the technical adviser-to study the educational needs of the country. In reply the Haitian government declared that the United States had no obligation under the convention of 1915 other than to lend financial assistance to the Haitian government so as to develop the existing system, which was based on the most modern methods of public instruction in France.

## "THE SERVICE TECHNIQUE"

Although the Dartiguenave government declined to enter into an agreement in regard to education, the Borno government in 1922 established a Service Technique of Agriculture,277 and in 1923 made an agreement providing for the nomination by the United States of an agricultural engineer at a salary of \$10,000 and an assistant at a salary of \$7,500.278 On February 25, 1924 the Council of State passed a law which created the Service Technique as a technical branch of the Haitian Department of Agriculture, and provided for a Central School of Agriculture.279 Six technical departments were created within the service, under such American officers as the director of the experiment station, a chemist, a veterinarian, a botanist, an entomologist and an animal husbandman. Forestry and market experts and soil surveyors were later added. The Service Technique also organized a system of agricultural and industrial education. At present there are about 30 Americans holding positions in the Service Technique.280 The agricultural service expended \$434.000 in 1927-1928, or 5.30 per cent of the total expenditures. This service maintains the Ecole Centrale for the purpose of training agricultural and industrial teachers and

<sup>272.</sup> Bellegarde, Pour Une Haitt Heureuse, Vol. II, p. 215. Mr. Mclihenny, Inquiry, p. 1349. S. G. Inman, Through Santo Domingo and Haiti, p.

<sup>274.</sup> For the Haitian government's reply, cf. Bellegarde, Pour Une Haiti Heureuse, Vol. II, p. 239.

<sup>275.</sup> Inquiry, p. 87.

<sup>276.</sup> Documents Diplomatiques, 1921, p. 233.
277. Law of December 22, 1922, Le Montieur, 1922, p. 641.
278. Cf. 76id., 1923, p. 400.
279. Tbid., 1924, p. 89.
280. In 1927-1928 a total of 377 persons were employed, of whom 89.4 per cent were Haltlan, in contrast to 74 per cent in 1923-1924.

technicians.<sup>281</sup> About 173 students are enrolled, and the program of study lists more than a hundred courses. The teachers in the schools are for the most part Americans.

In addition to training teachers, the Service Technique maintains a system of rural farm schools and demonstration farms. In 1928, 48 such schools, each headed by a Haitian teacher, enrolled 5.464 students. It is planned eventually to increase the number of such schools to 500. Instruction is given in Creole and in French.282 The students are taught manual training, garden practice, the growing of crops and the care of animals. The better students from these rural farm schools may go to the agricultural high school at Plaisance and then to the Ecole Centrale. Altogether about 8,000 students attend the schools of the Service Technique. Finally, the department has taken over the supervision or management of a number of industrial schools. It maintains 20 demonstration farms, it operates coffee and livestock experiment stations and a dairy, 7 demonstration coffee mills, and has 13 farm advisers. In 1926 the Service distributed 575 cows to Haitian peasants. It holds agricultural and industrial fairs. In 1927-1928 travelling inspectors held 2,287 veterinary clinics at which nearly 67,000 animals were treated. Finally, under the auspices of a Director of Marketing, it is attempting to improve the quality of Haitian exports so that they will bring better prices. With this end in view the Haitian government in 1929 enacted a law establishing a Central Commission on Standardization, for the purpose of standardizing and grading exports of coffee, cotton, cacao and sisal. Violations of this law may be punished by fines ranging from 5 per cent to 20 per cent of the value of the products exported.283

While the Service Technique has thus made an earnest effort to install a system of agricultural and industrial education, at least three criticisms against its work have been made. First, few American teachers—in the beginning at least—spoke French fluently, with the result that Haitian interpreters had to be used in the class room,

with a resulting loss of time. Few teachers. it is alleged, had any previous knowledge of tropical agriculture. Furthermore, many American teachers came from the southern part of the United States, and reflected the southern attitude toward the Negro. Again. the American Occupation in Haiti has not utilized any American Negro teachers, nor has it employed any of the thoroughly trained Negro agricultural instructors from Jamaica or Trinidad. Finally, it is declared that Haitian instructors are not being trained to take the place of Americans,284 that the Service Technique has grown so rapidly that its expenditures of money have not always been wise and that adequate results have not yet been attained. There is widespread skepticism among both Haitians and Americans as to the effectiveness and practicability of the work of the Service.

### HAITIAN-CONTROLLED EDUCATION

While the authorities have thus appropriated large sums for agricultural instruction, which is in American hands, appropriations for Haitian education proper, which remains under the Minister of Public Instruction, are today smaller than they were in 1914-1915.<sup>285</sup> Between 1919 and 1928 the general revenues of the government increased about 75 per cent, but the appropriations for education administered by the Haitian Minister of Public Instruction increased only 7 per cent.<sup>286</sup>

Teachers in the ordinary Haitian schools receive a salary sometimes as low as \$6 a The American Financial Adviser has objected to the appointment of teachers at such inadequate salaries, but the Minister of Public Instruction, it is stated, desires to appoint as large a number of teachers as possible, for political reasons, regardless of The Financial Adviser has unisalaries. formly failed to approve increases in these salaries, although the Haitian teachers in the agricultural schools under the Service Technique receive much larger sums. Haitian critics resent this rigid limitation of educational expenditures by the Haitian Minister of Public Instruction, especially

<sup>281. &</sup>quot;Programme de l'Ecole Centrale d'Agriculture," Service Technique du Département de l'Agriculture, Bulletin, No. 4, 1926-1927.

<sup>232.</sup> Halli, Service Technique du Département de l'Agriculture, Rapport Annuel, 1925-1926, p. 47. 233. Law of June 13, 1929. English text in Monthly Bulletin, Financial Adviser-General Receiver, August 1929, p. 17. Cf.

<sup>284.</sup> Logan, op. oit.; Davis, op. oit., p. 286.

<sup>285.</sup> Appropriations for education in 1914-1915 were \$423,017. Inquiry, p. 1349; in 1927-1928, \$413,800.

<sup>286.</sup> Logan, op. cit., p. 71.

because the Service Technique, in proportion to its students, is given an appropriation ten or eleven times as large as that of the Haitian Department of Public Instruction. They also declare that the appropriation of \$40,000 for a radio station in Port-au-Prince might better have been expended on Haitian schools. They declare that the programs broadcast for the benefit of the Haitian people consist of a 15-minute talk by an American officer, followed by an hour or so of the latest jazz.

American officials justify holding down expenditures in the Haitian school system on the ground that without American direction the Haitians are incompetent administrators and that the funds placed in their hands have been wasted. Secondly, they declare that the Haitian system is academic, whereas the country needs vocational training such as the Service Technique gives.

Many Haitians resent the efforts of the United States to extend control over their educational system, both out of fear that it will become Anglo-Saxonized and because of a conviction that American instructors cannot have the proper sympathy for Negroes.

Thus the educational system in Haiti today is divided between the Service Technique, which is under American control and which is training about 8,000 Haitians, and the Haitian educational system, which attempts to educate about 95,000 natives or approximately one-quarter of the potential school population. The appropriations for the Service Technique are about as large as the appropriations for the Haitian educational system.287 The present policy is to continue but not appreciably augment appropriations for schools under the Haitian Minister of Public Instruction, employing increased appropriations for enlarging the scope of the Service Technique.

The following comment on the general educational situation in Haiti by an American Negro, Professor Rayford Logan, is of interest:

"In seven years, America is to leave Haiti according to the present treaties. If the present policy continues, the Occupation will have left as an educational heritage to Halti a quarrel over the type of education similar to the one that for years divided American Negroes into fol-

lowers of Dr. Du Bois and those of Dr. Booker T. Washington. It has taken the American Negro twenty years to understand that both academic and vocational training are necessary and to admit that in some sections of the country peculiar emphasis can be laid on vocational training without implying the inherent inferiority of the Negro. If the Occupation cannot so direct the thinking of the Haitians as to avoid this chasm, it will have learned nothing from the experience of its own subjected people. Before 1915 Haitians considered vocational training as beneath them. The apparent attempt is now being made to convince them that vocational training, in the eyes of the American, is the only kind that should be served up to them. The natural result is a hostility that will quite probably cause the overthrow, if and when the Haitians regain their independence, of the whole structure that has been erected so laboriously and so expensively. There is yet time for the Occupation to revise its attitude on this important question and to train Haitians to think that instead of conflict between the two systems there is coordination. Otherwise our educational policy in Haiti will have been as disastrous as was that of the Haitians themselves prior to 1915."288

## Dr. A. C. Millspaugh, former Financial Adviser, states:

"It must be pointed out that . . . unless the Department of Public Instruction is prepared assume eventually the administration of all the schools, there is grave danger that, when American control is removed, education in Haiti may suffer a quick reversion to the pre-intervention type." 289

## EDUCATIONAL EXPENDITURES

Leaving aside this division of the Haitian educational system into two types, how does the financial effort of Haiti on behalf of education compare with that of other territories? Total expenditures upon the Service Technique and upon other Haitian schools consume 10.32 per cent of Haitian expenditures. This compares with 28.18 per cent in Porto Rico<sup>290</sup>—another territory under American control—9.43 per cent in Ecuador, 4.81 per cent in Venezuela, and 21.51 per cent in Costa Rica. Porto Rico has less than half the population of Haiti, yet has almost twice as many pupils in its schools.<sup>291</sup>

<sup>287.</sup> In 1927-28 there were 2,170,000 gourdes for the Service Technique and 2,059,000 gourdes for the Haitian system.

<sup>288.</sup> Logan, op. cit., p. 76; also Carré, "Le Réforme de l'Enseignement Primaire," La Presse, September 2, 1929.
289. A. C. Millspaugh, "Our Haitian Problem," Foreign

Affairs, July 1929, p. 566.

290. As of 1927-1928; in other years the Porto Rican percentage has been higher.

percentage has been higher.

291. Total enrollment in Haitian schools is 107,651; in Porto Rico, 213,321.

Only one-fourth of the Haitian children of school age are receiving education.<sup>292</sup>

The Financial Adviser declares that while in comparison with more advanced countries the percentage of funds expended upon education in Haiti may be small, "it should be kept in mind that Haiti in the early stages of development has required a disproportionately large expenditure on the establishment of order and security and on public works." 293

#### V. FINANCIAL AND ECONOMIC REORGANIZATION

The fifth aim of the American Occupation has been the financial and economic reorganization of the country—a task to which the American officials have devoted perhaps their greatest energies. This section of the report will be discussed under three main headings: (1) the establishment of a system of financial administration, (2) the liquidation of foreign claims, (3) emigration and land problems.

The chaotic condition of Haitian finance has already been described.294 Formerly it was impossible for the government to know its exact financial standing at any time: accounts were kept both in dollars and gourdes, and there was the greatest confusion and even dishonesty in the administration of public funds. It was to bring about an improvement of Haitian finance that the convention of 1915 authorized the appointment of the General Receiver and the Financial Adviser, nominated by the President of the United States. In 1923 these two offices were combined and the salary (including allowance) was eventually increased to \$15,000, in order to attract a man of ability. Today there are about 20 Americans and 271 Haitians in the office of the Financial Adviser - General Receiver. The customs collectors at two-thirds of the twelve ports of entry are Americans,295

The 1915 convention limited expenses of the Financial Adviser and General Receiver to 5 per cent of the customs collected, unless modified by agreement of the two governments.<sup>286</sup> Since 20 per cent of this fund is paid to the National Bank as its commission for treasury services, the re-

ceivership costs are actually limited to 4 per cent of the customs revenue. In only one year (1920-1921) have the ordinary operating expenses of the receivership exceeded the 4 per cent fund. The surplus accumulated in other years has been devoted to permanent improvements, such as the construction of the Ministry of Finance building, and of customs warehouses. Pending their expenditure certain balances have temporarily been placed in Series B bonds.<sup>297</sup>

In 1924 the Haitian government authorized the American officials to take over the collection of internal revenue including land rentals and emigration fees.<sup>298</sup> As a result, receipts from this source increased from about 2,796,000 gourdes to 4,090,000 gourdes, without instituting new taxes. The collection of internal revenue is now in the hands of a Director of Internal Revenue—an American—who receives a salary of \$7,500, and has several American assistants.<sup>299</sup>

Collection costs of internal revenue are limited to 14 per cent of total receipts, one per cent going to the National Bank. This maximum has never been reached, the highest collection costs amounting to 9.89 per cent in 1927-1928.300

One of Dr. W. W. Cumberland's first acts as Financial Adviser-General Receiver was to establish an adequate accounting system, and to abolish the system of reckoning accounts partly in dollars and partly in gourdes. At present all government accounts are kept in gourdes. It is possible now to know the exact financial position of the government at any time.

<sup>292,</sup> Financial Adviser, 1927-1928, p. 91.

<sup>293.</sup> Ibid., p. 91.

<sup>294.</sup> Cf. p. 335.

<sup>235.</sup> The collector does not handle any customs receipts. He merely assesses the duty and the merchant concerned makes payment to the local branch of the National Bank, which credits the receiverable.

<sup>298.</sup> This limitation is found also in the Dominican receivership.

<sup>297.</sup> Cf. p. 370. Also Financial Adviser, 1927-1928, p. 88, 42.

<sup>298.</sup> Law of June 6, 1924, Le Moniteur, 1924, p. 267.

<sup>299.</sup> This department relies largely upon the customs collectors to act also as collectors of internal revenue. In order to administer the excise law of 1928, this department has appointed an additional American official to supervise the work of 22 new Haitian inspectors. The department employs in addition 55 rural agents, all of whom apparently are Haitians, Financial Adviser, 1927-1928, p. 146.

<sup>300.</sup> Ibid., p. 50.

#### THE HAITIAN TARIFF

Having established control over both internal and external revenues and having installed modern accounting methods, the American officials next brought about tax reforms. Until recently the Haitian tariff was based on a law of 1858, as revised in 1905. From the administrative standpoint the law was extremely confusing and complicated. Moreover, it imposed both export and import duties; in fact at one time more than half the customs revenue came from export duties. The latter bore heavily upon the main export, coffee. The import schedules taxed luxuries such as wines and tobacco lightly, but imposed comparatively heavy duties upon articles consumed by the poorer classes.

The American authorities believed that the tariff should be simplified, thus removing obstructions to trade. They also believed that the duties on luxuries should be increased and that protection should be given to notential domestic industries, while export taxes should eventually be abolishedapparently on the theory that such taxes bear most heavily upon the peasant pro-Consequently in July 1926 the Haitian Council of State enacted a new tariff law. Criticizing many of the features of the former tariff, the Haitian Chamber of Commerce<sup>301</sup> declared that generally the duties were too high and would lead to an increase in the cost of living, a decrease of imports,302 and an increase of emigration. It particularly criticized the proposal to place duties on agricultural machinery and on primary schoolbooks, which had formerly been admitted free. Although General Russell declared that these criticisms were usually "born of political reasons, self-interest or lack of knowledge,"803 an act was passed on July 25, 1928 removing the duties on certain agricultural machinery and books, and reducing other rates. Duties on liquor, on the other hand, were increased.304 The average level of import duties in Haiti is about 29 per cent.

Steps were also taken to increase internal revenue by the imposition of new taxes. Before 1928 internal revenue was derived largely from stamp sales, telephone and telegraph services, emigration fees, and the income tax.305 On August 14, 1928 the Council of State enacted a law imposing an excise tax on alcohol and tobacco—the first internal tax upon these articles. It was provided that after October 1929 the President might reduce or abolish export duties to the extent that equivalent revenue was secured from these new excise taxes.306 Much opposition has been expressed by Haitians to the new taxes and a number of "incidents" over their collection have occurred.307 In fact, despite strenuous efforts, returns from internal revenue have remained almost stationary since 1924-1925, while the proportion of internal to total revenue has actually declined.308 At present about one-twelfth of total revenue comes from internal taxes.

This failure to increase internal revenue Americans believe to be due partly to the disinclination of the Haitian élite to pay taxes. The Haitians for their part complain that they are being over-taxed.

#### CONTROL OVER EXPENDITURE

The American officials have undertaken not only to improve the administration of revenue, but also to establish control over public expenditure.

The expenditures of the Haitian government are authorized in an annual budget and in supplementary and extraordinary credits. voted by the Council of State. Every January the Financial Adviser sends a letter to the Haitian Minister of Finance asking him to advise the other members of the Cabinet to make up the budgets for the forthcoming year. The Financial Adviser and the Haitian Minister of Finance coordinate and revise the various estimates thus drawn up, and then submit them to the Council of State, which votes the budget usually with-

<sup>201.</sup> Mémoire sur le régime douanier d'Hoiti, presented to the Third Pan-American Commercial Conference. 202. Imports declined from 94,257,000 gourdes in 1925-1928 to 78,755,000 in 1927. But in the following year they were increased to 101,241,000 gourdes. 303. Report of the High Commissioner, 1928, p. 12.

<sup>304.</sup> Duties on primary schoolbooks were not removed, on the ground that they could be produced in Haiti. Financial Advisor, 1927-1928, p. 35.

Cf. p. 373. In 1927-1928 emigration fees fell from first to third place as a source of internal revenue, after the suspension of emigration to Cuba.

<sup>306.</sup> Le Moniteur, 1928, p. 276. Between 1923 and 1929 the relation of export duties to customs receipts declined from 33.34 per cent to 28.64 per cent.

<sup>307.</sup> Cf. "Après la taxe sur le Tabac . . " Le Nouvelliste, September 10, 1929, "Le sang coule," Le Temps, July 19, 1929. 308. In 1924-1925 total receipts were 40,487,667 gourdes,

while internal revenue amounted to 4,089,928 gourdes; in 1927-1928 total receipts were 50,421,015 gourdes, while internal revenue amounted to 4,241,621 gourdes.

out change. There have been cases, however, in which the American High Commissioner and the Haitian President have agreed on large appropriations, subject to formal approval by the Council of State, without the consent or even the prior knowledge of the Financial Adviser.

In authorizing expenditures voted in the budget, the office of the Financial Adviser follows in general a pre-auditing system. That is, when a government department wishes to pay a bill, it makes out a voucher in triplicate, one copy going to the Haitian Minister of Finance, and a second to the American Receiver. The third remains in the departmental office. The Haitian Minister of Finance ascertains whether the payment called for is in accordance with the budget and whether value has been received: if so, he signs the voucher and sends it to the Financial Adviser, who makes an independent inquiry. If the latter is satisfied. he also signs the voucher and sends it to the disbursing officer, an American, who draws a check upon the National Bank. There are certain exceptions to this pre-audit system. such as in the case of salaries, rentals and pensions, which, however, are subject to other methods of control, such as salary The Financial Adviser believes that more post-auditing should be done, but states that further progress has not been made because of the limitation imposed by the 5 per cent fund. 309

Under this system the Haitian Minister of Finance is not entrusted with the disbursement of funds. He seems to have less responsibility in this respect than the Porto Rican treasurer in Porto Rico, or the illiterate treasurer in native States in Africa under British control.310 American officials declare that greater responsibilities cannot be imposed on Haitians because Americans are not in control of the courts, and therefore embezzlement could not be punished.

As a result of the methods of financial control installed by the American Occupation, the unobligated cash balance of the government has increased from about \$1,-400,000 in 1924 to more than \$3,870,000 in 1928-or two-fifths of the annual revenue. The maintenance of a large disposable re-

serve by the government has been justified on the ground that short-term borrowing is impracticable and that government revenues. which are largely dependent on agricultural exports, fluctuate with crop and trade conditions, and emergencies are likely therefore to occur.311 Critics assert, however, that instead of piling up large surpluses and making premature amortization payments on the debt, the government should increase appropriations for teachers' salaries and other welfare purposes,312 or reduce taxes.

Thus, as a result of American financial administration, government revenues are larger than before the World War, trade has increased during the last ten years, the foreign debt has been reduced, and foreign claims liquidated.313 Moreover, the Haitian budget has been balanced, the floating debt wiped out, the currency stabilized, and a large unobligated cash balance built up. Liens upon customs duties have been removed.

Again, under the present system, Haitian government officials receive their salaries promptly and regularly and these salaries are paid in cash. The flagrant misappropriation of funds by Haitian officials likewise seems to have come to an end.314

#### LIQUIDATION OF FOREIGN CLAIMS

Other difficult tasks of a financial nature were the reorganization of the National Bank, the refunding of the French loans and the liquidation of claims. It will be recalled that in 1914 the Haitian government and the bank were involved in a dispute over funds to be devoted to monetary reform, and that the Machias transported to New York \$500,000 in gold, the ownership of which Haiti claimed.315 Following

<sup>311.</sup> Financial Adviser, 1927-1928, p. 103.

<sup>312.</sup> Cf. p. 363.

<sup>313.</sup> Cf. p. 371.

<sup>313.</sup> Cf. p. 371.

314. Much of the credit for financial reform has been given to the Financial Advisor, Dr. W. W. Cumberland, who served from January 1924 to December 1927. His successor, Dr. A. C. Milispaugh, states that the progress of Haiti 'bears witness to his organizing ability, his sound judgment, and his skiliful, energetic and prudent administration." (Financial Advisor, 1921-1928, p. 121.) Dr. Cumberland received a Ph.D. In economics from Princeton, and has had lost accessor, Dr. Milispaugh, the progressor of the progressor of the progressor of the successor, Dr. Milispaugh, the progressor of the progressor and an economic advisor in the State Department; later he became Administrator General of Finances in Persia (1922-1927). He resigned in 1929 from the position of Financial Advisor of Haiti after a controversy Finances in Fersia (1922-1927). He resigned in 1929 from the position of Financial Advisor of Hatti atter a controversy with General Russell. M. de la Rue, the present Financial Advisor, was previously Financial Advisor to Liberia, where he was instrumental in negotiating the Firestone concessions. (Buell, op. cit., Vol. II, p. 850.)

<sup>315.</sup> Cf. p. 337.

<sup>309.</sup> Financial Adviser, 1927-1928, p. 117.

<sup>310.</sup> F. P. A. Information Service, Vol. IV, No. 23, "The Problem of Porto Rico," p. 442; Buell, op. cit., Vol. I, p. 898,

this and other incidents, the government deprived the bank of its right to hold government funds.

#### SETTLEMENT WITH THE NATIONAL BANK

One of Admiral Caperton's first acts after the occupation of Haiti was to restore to the National Bank the treasury service of the government. After heated arguments at Washington, the Haitian government and the bank in 1916 succeeded in settling their past differences. Haiti agreed that the bank should continue to perform the treasury service of the government in accordance with the 1910 contract. bank agreed to return to Port-au-Prince the balance of the 10,000,000-franc loan of 1910 as a measure to carry out monetary reform.316 It also agreed to waive certain claims and commissions, as well as its preference in so far as loans made in the United States were concerned.317

Early in the American occupation the National City Bank gained control of the National Bank of Haiti. In 1917 it bought up the stock held by the other American parties in the bank,318 giving it a total of 8,000 out of 40,000 shares; in 1920, at the suggestion of the State Department, the National City Bank bought up the remainder of the stock (held by French interests) for \$1,400,000, on the understanding that the charter of the bank would be transferred to a subsidiary of the National City Bank.319 Believing that a number of provisions in this charter were burdensome to Haiti, the State Department, in a conference in February 1920, induced the National City Bank to accept nine modifications. It was provided, for example, that the rate of commission for the treasury service should be reduced and that profits from the coinage of new fractional currency should be credited to the government. It was also provided that the bank should be a Haitian corporation. Although the bank was willing to pay the government interest on credit balances, the provision was finally stricken out, apparently at the insistence of Haitian officials, who,

recalling the Machias incident of 1914, believed that if the bank paid no interest it would be obliged to keep the balance on deposit in Port-au-Prince.320

Having accepted the nine modifications proposed by the State Department, the National City Bank insisted that its monopoly of the right to issue paper money in Haiti should be protected. It also wished to maintain the parity of Haitian currency which had recently been stabilized. Consequently it was proposed that the Haitiara government should authorize the Financia 1 Adviser, in consultation with the bank to restrict the importation of foreign currency,321 This provision called forth vigorous protests to the Haitian government from the British, French and Italian Legations and various local business houses, ora the ground that it would give a special privilege to the National City Bank, to the detriment of other concerns. In reply the Financial Adviser declared that this provision was necessary to prevent speculation, and that the Haitian government had already promised to adopt it. 222 When the Haitian government, however, declined to accept this restriction in regard to foreign currency, the State Department authorized the suspension of salaries.323 The American government, in the meantime, authorized the National City Bank to operate im Haiti under the French charter.324

The Haitian government remained obdurate until after the election of President Borno, who agreed, however, to transfer thee charter of the National Bank to a Haitiam corporation-a subsidiary of the Nationall City Bank of New York.325 While the new contract is more favorable to the Haitiam government than the former one, the banks receives a commission for its treasury services, ranging in accordance with Haitiam

<sup>320.</sup> Douglas, op. cit., p. 387.

<sup>321.</sup> Inquiry, p. 1424; Documents Diplomatiques, 1921, p., 115 #.

<sup>322.</sup> A similar provision had been accepted by Haiti in a currency agreement of 1919, but had not been enforced. 323. This was only one of a number of incidents which led i to suspension of salaries. Cf. p. 353.

<sup>324.</sup> Documents Diplomatiques, 1921, p. 123.

<sup>225.</sup> Continents Diplomatiques, 1921, p. 126.
225. Contract of July 18, 1922, Le Moniteur, 1922, p. 389.
The currency agreement of April 12, 1919 provides that for the present the issue of bank notes shall be limited to \$4,000,000, and cannot at any time exceed three times the amount of the bank's paid-up capital. The notes are to be guaranteed not only by the cash reserve of comercial paper to cover the remarkner of their value. A tax of one per cent is to be transacted or their value. A tax of one per cent is to be remainder of their value. A tax of one per cent is to be imposed on any note circulation in excess of \$2,000,000. (Inquiry, p. 1422.)

Gr. p. 336.
 Foreign Relations, 1916, p. 358.
 Ct. p. 334.
 Mr. R. L. Farnham, Inquiry, p. 106.

revenues from \$60,000 to \$100,000 annually.326 A second source of profit to the bank lies in its monopoly of note issue. In the third place the bank is not obliged to pay any interest on the credit balance of the Haitian government. Actually, however, the Financial Adviser maintains the larger part of the cash balance on deposit "in New York funds."327 Interest upon the balance in New York is based upon the average rate paid by the bank upon all foreign deposits. At one time the rate paid on a certain balance was 21/2 per cent; it is understood that the rate slightly increased during 1928. In the absence of a detailed report, it is impossible to determine whether or not the actual profits of the National Bank arising out of its privileges are large. The Financial Adviser reports that interest rates are generally high.328 But it is understood that these rates average lower than in any of the other West Indian branches of the National City Bank.

#### PROJECTED LOAN FOR HAITI

Although the Haitian government had not defaulted in interest payments upon its foreign debt in 1914-1915, the American Occupation suspended payment of interest and sinking fund upon the internal and external debt on the ground that the revenues of Haiti were inadequate to meet these charges.329 As far as the foreign debt was concerned, payments were regularly resumed only in 1920.830 Whereas before the World War the total debt of Haiti was about \$35,800,000, by 1922 it had decreased to \$17,800,000, a decrease largely due to depreciation of the franc.331

While Admiral Caperton and the Haitian government early urged a loan for Haiti,

and while the United States government in 1917 received authority under the Liberty Loan act to make an advance to the Allies as it did to Liberia,332 the Washington government made no loan or financial advance to Haiti during or after the World War. It did attempt, however, to arrange for a loan to Haiti from private American bank-

Owing to the war and unfavorable conditions in Haiti, the State Department was not able to arrange such a loan until seven years after the intervention. Believing that bankers would not make a long-term loan to Haiti if the American occupation was to last only ten years, the United States brought pressure to bear upon Haiti in 1917 to extend the life of the 1915 convention from ten to twenty years.323

#### THE 1919 **PROTOCOL**

A further step in the direction of a loan was taken with the signature of an important protocol in October 1919, in which Haiti agreed to establish a Claims Commistion and to contract within two years a national loan, whose total was not to exceed It was provided, moreover, \$40,000,000. that the American customs receivership should continue during the period of the loan, which was fixed at 30 years. 334

During the remainder of President Dartiguenave's term, a number of difficulties arose in putting this protocol into effect. The State Department "strongly recommended" that the Haitian government authorize the Financial Adviser to negotiate for an issue of short-term notes and bonds.335 The Haitian government, however, did not wish to contract a foreign loan as large as that contemplated by the United States, nor did it wish to convert the internal debt into foreign obligations. It asked that the internal bond issues of 1912, 1913 and 1914 be excluded from the

<sup>328.</sup> Before the World War the bank commission averaged about \$100,000-ms\$ sum which the State Department considered "excessive." (Inquiry, p. 1422.) At that time, however, Haitian funds were smaller than at present. Cf. p. 379. The present commission is paid by 20 per cent of the "five per cent fund." \$27. Financial Adviser, 1923-1924, p. 77. In 1927-1928, 25.193,278 gourdes were in New York, and 4,981,985 gourdes were in New York, and 4,981,985 gourdes were in Haiti. (Ibid., 1927-1928, p. 102.) It is understood the form of the state of the stat harristda

<sup>328.</sup> Financial Advisor, 1927-1928, p. 119. 329. Cf. Lansing's dispatch of October 10, 1919. Documents iplomatiques, 1921, p. 175. 350. Inquiry, p. 1227.
331. Cf. table, Le Moniteur, September 25, 1923, p. 471.

<sup>532.</sup> Buell, op. cit., Vol. II, p. 811, i. e., Haiti became eligible for such a loan following its declaration of war on

eligible for such a louis lettering its seasons.

July 13, 1912.

333. Cf. p. 347.

334. Protocol of October 3, 1919 (Mailoy, Treaties of the United States, Vol. III, p. 26). Article I declared that it is clearly understood that this protocol does not in fact or by implication extend the provisions of the treaty of September

<sup>335.</sup> Documents Diplomatiques, 1921, p. 141, 147. It was also declared that "the interest of the State Department in the flotation of this loan will be made evident to the bankers. . . Ibid., p. 152.

jurisdiction of the Claims Commission and that the Financial Adviser resume the interest payments on internal bonds which had been suspended since 1915. memorandum of November 22, 1920, the Haitian government asked that the 1919 protocol be amended. It stated, later, that it would be impossible for it to authorize Mr. McIlhenny, the Financial Adviser who had suspended Haitian salaries, to negotiate the loan. The State Department expressed confidence in the Financial Adviser and ordered him to come to Washington to handle loan matters,336 Mr. McIlhenny remained in Washington from October 1920 to March 1922 for this purpose.337

In November 1921 the Dartiguenave government informed the State Department that the two-year period fixed for loan negotiations in the 1919 protocol had come to an end and that the protocol therefore had lapsed;338 but the United States insisted that this point be "waived." In the meantime the Haitian government had failed to appoint its representative to the Claims Commission. It declared in December that it could accept a loan only upon the adoption of some thirteen stipulations.339 Several witnesses testified before the Senate committee in 1922 that sentiment of many Haitians was "overwhelmingly" against the loan on the ground that it involved a prolongation of American control.340 No agreement could therefore be reached with President Dartiguenave; but following the election of President Borno in 1922, the loan negotiations were resumed. In June 1922 an exchange of notes modified the 1919 protocol and granted several of the demands of the former administration. Thus the internal bond issues were exempted from the jurisdiction of the Claims Commission.341 And on June 26 the Council of State authorized a loan of \$40,000,-000. In the following two years, the Haitian government contracted the following loans:

1.	Series A-from the National City Bank	<b>\$16.000.000</b>
2.	Series B—an internal loan	
3.	Series C—in exchange for National Railway Bonds	2,660,000
	TOTAL	\$23 660 000

#### THE THREE HAITIAN LOANS

The purpose of the Series A loan was to retire the French debt, provide funds for the payment of claims, and construct public works. The purpose of the Series B loan was to provide funds for the awards of the Claims Commission and to consolidate the internal debt. The purpose of the Series C loan was to settle the difficulties arising out of the guarantee of interest by the government upon the bonds of the National Railway.

Sealed bids were solicited for the first loan of \$16,000,000 which was awarded to the National City Company of New York at a bid of 92.137.342 The loan was sold to the public at 95.50. These terms seem to be the most favorable ever received by Haiti, and presumably they were the result of American control.

Provision for the retirement of the French loan was now made.<sup>343</sup> The reports of the Financial Adviser do not give a detailed summary of the use to which proceeds of the Series A loan were put; but it is understood that only about half of the \$16,000,000 loan was necessary to retire the French debt, and that the remainder was used to provide cash for the payment of claims, for the railroad settlement, and for the construction of public works.

The Series B loan of \$5,000,000, the purpose of which was to consolidate the internal debt of Haiti, was an internal issue.

<sup>336.</sup> Documents Diplomatiques, 1921, p. 153-166.

<sup>337.</sup> Inquiry, p. 1409. Two similar trips had previously kept him away from Halti about seven months. Bids were received for this loan from the National City Bank, the Speyer-Blain Syndicate, and from Lee, Higginson and Company, 10dd, p. 1414.

<sup>338.</sup> Documents Diplomatiques, 1922, p. 99.

<sup>339.</sup> Ibid., p. 117.

<sup>340.</sup> Inquiry, p. 1215, 1458. Of course 90 per cent of the population was unaware of the negotiations.

<sup>341.</sup> Malloy, op. cit., Vol. III, p. 2683. Cf. Mémoire of June 7, 1922, Le Moniteur, 1922, p. 278.

<sup>342.</sup> Contract of October 6, 1922, Le Moniteur, 1922, p. 587.
343. Some French bondholders declined to accept paper france, and instead demanded gold, on the ground that the loan contract of 1910 spoke of a "gold loan." But in the law approving the spoke of a "gold loan." But in the law approving the spoke of a "gold loan." But in the law approving the spoke of a "gold loan." But in the law approving the spoke of a count of the spoke of a county takes the risk of currency fluctuations and whether creditor or debtor profits by the change the law takes no account of it." (Deutsche Bank v. Humphrey, (1928), 272 U. S. 517, 519.) The World Court has decided that a loan issued by Brazil in France is to be repaid in gold france; but is this case the original loan contract had specifically provided for payment in gold. (Case of Brazilian Loans, Collection of Judgments, No. 15, 1928.)

In 1922 the Haitian government made an agreement with the holders of the internal bonds issued in 1912-1914, whereby interest would be paid up to December 31. 1922, but under which the principal was scaled down by amounts varying from 5 to 25 per cent, depending upon the issue.244 A Haitian testified before the Senate committee in 1922 that under pressure of poverty many Haitians had been forced to sell these bonds at a heavy discount, and that "almost without exception they were purchased by the National City bank or individuals close to it."345 On the other hand, there is reason to believe that many of these bonds had always been held by foreigners.

In December 1922 the Claims Commission was established—consisting of one American, one Haitian, and one Cuban—to examine all claims against Haiti, whether from citizens or foreigners. This commission, which sat for more than three years, heard 73,269 claims involving nearly \$42,000,000. It allowed claims totalling \$3,526,170.08, or 8.85 per cent of the amounts demanded. The costs of the commission equalled 5.82 per cent of the sums awarded. A number of observers testified to the high quality of the commission's work. 347-348

About one-third of the awards, or something over a million dollars, was paid in cash derived from the Series A loan, while the remaining two-thirds were paid in Series B bonds.<sup>349</sup>

344. Report of the High Commissioner, 1923, p. 3.

345. Inquiry, p. 1467.

The Series C loan, the purpose of which was to liquidate the difficulties with the Haitian National Railway, amounted to \$2,660,000. In 1917 the Haitian government had agreed to abandon its foreclosure proceedings against this railway, while the road in turn promised to adopt a shorter and more direct route than that set forth in the original contract.350 Between 1914 and 1922 the revenues of the road barely equalled operating costs and provided nothing for depreciation. Revenues were in fact so small that neither the directors nor the president of the road were paid, and in 1920 a New York court granted the request for a receivership. Mr. R. L. Farnham, the president of the road, was appointed as receiver. In 1924 the court ordered that compensation of the receiver be fixed at the sum of \$100,000. (It is understood that this sum was to cover the salary due Mr. Farnham from 1911 on.) It also fixed his compensation for the next year at \$18,000, but because of the financial situation of the railroad, it is understood that this has not been paid. Finally, it ordered the compensation up to June 30, 1924 of Sullivan and Cromwell, counsel for the receiver, to be fixed at \$80,000, or presumably \$20,000 a year.351 Because of a pending suit, this receivership was still in existence in November 1929.

In 1923 it was agreed that the Haitian government should pay off interest arrears on the railway bonds to the extent of about \$2,000,000. The bondholders agreed to use \$600,000 of this sum in new construction; of the remaining \$1,400,000 each holder of a railway bond was to receive the sum of \$35.75 in cash as his share of back interest.352 In addition the Haitian government agreed to exchange railway bonds for government bonds (Series C) at the rate of 75 per cent. What a railway bondholder received under this settlement was thus 75 per cent of the value of his railway bonds in the form of Haitian government bonds, plus \$35.25 on each bond of a

<sup>348.</sup> Indebtedness represented by the French bonds, sums due the National Bank, the railway and certain other concessionaires, were exempted, as well as the internal debt represented by the bonds issued in 1912-1913, and 1914. During the consideration of French, British and Italian claims, a Frenchman, Englishman or Italian, as the case might be, took the place of the Cuban member of the commission or his successor. In 1925 Haiti agreed that France might take certain French claims to a Franco-Haitian tribunal upon appeal from the Claims Commission. (Treaty of June 12, 1925, Eulietin Official du Département des Relations Extérieures, Octobre-Novembre 1926, p. 1.)

<sup>347-348.</sup> In a number of judgments the commission rotused to allow damages in favor of holders of revolutionary bonds. Thus in the case of the Fequilire Commission claims, the Claims Commission declared that "foreigners are prohibited from taking any part in the internal politics of the country in which they reside" and that the lending of money to laurgents constituted a serious breach of international law. The commission also laid down the rule that in cases where it was not established that the government actually received the sum represented by a "compensable" bond, only 50 per the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "compensable" bond, only 50 per decided the sum represented by a "co

<sup>349.</sup> Financial Advisor, 1925-1926, p. 94.

<sup>350.</sup> Foreign Relations, 1917, p. 831.

<sup>351.</sup> José H. de Costa vs. Compagnie Nationale des Chemins de Fer d'Haït, U. S. District Court, filed July 7, 1924, S.D. of N. Y.

<sup>352.</sup> The railway also undertook to apply the interest from February to September 1923 to new construction, bringing the total to about \$740,000. Law of December 23, 1923, Le Montécur, 1924, p. 6. 72bis \$2,000,000 in cash came from the proceeds of the Series A loan.

little over \$96 in the form of interest due since 1914,853

By this transaction, the Haitian government converted what was theoretically a contingent obligation into an absolute obligation. It reduced the annual interest guarantee of the Haitian government by 25 per cent. The ownership of the road, however, remained in private hands.354 Its operation is hampered on the one hand by motor transport and on the other by coastwise shipping. In fact, because of the small size of Haiti, there are observers who believe that the original attempt to construct a railway was unwise.355

The allegation has been made that the 1910 railway contract was the product of fraud and that for this reason the Haitian government should not have recognized any obligation to meet the kilometric guarantee. The determination of whether or not such an allegation was sound might have been referred to the Claims Commission. But the 1919 protocol establishing the commission expressly excluded from its jurisdiction the question of whether or not Haiti was liable for interest on the railway bonds.356 During the last few years the American government at home has secured the cancellation of certain oil leases on the ground that they were tainted with fraud.357 But in Haiti the United States seems to have followed a different policy. One critic declares:

"It is probable that had there been no foreign intervention in Haiti, the Haitian government would have refused to meet the interest upon the bonds. . . . "358

On the other hand, there is no evidence to indicate that the Haitian government challenged the validity of the railway concession at the time of the 1919 protocol. Moreover, it is the view of some that the only way to cure Haitians of bribery is to make the Haitian government responsible for fraudulent acts of officials.

Such were the Haitian bond issues, a large part of which went to the refunding of the French loan and the internal and railway bonds. It should be pointed out that in these refunding transactions a possibility existed for profit on the part of private individuals. Prior to 1920, interest on the French, internal and railway bonds was in default, and these bonds could be purchased at a low figure. If American or other business men had acquired them during this period, they would have received, as a result of the refunding operations of 1923, the par value, or almost the par value369 of these bonds, plus the interest which had been in arrears for five or six vears.

The purpose of the A, B and C loans having been discussed, the general public debt situation will be briefly described.

#### THE PUBLIC DEBT

The life of each of the Haitian loans is fixed at 30 years, and the interest rate at 6 per cent.360 Each contract provides that the Haitian government shall make monthly payments to the fiscal agent (the National City Bank) to meet interest requirements and to create a sinking fund large enough to repay the loan by maturity, or, in the case of the A and B loans, by 1952. It is provided, however, that when revenues exceed \$7,000,000 the Haitian government shall increase sinking fund payments up to a maximum of about \$390,000-the so-called Mar-

354. The rallway carried out new construction as promised and now maintains 186 kilometres of road. During the last two

wharf company agreed to lower the duties and to resume col-lections. Financial Adviser, 1926-1827, p. 78.

358. Article III (3).

357. The Supreme Court of the United States ordered res-toration of the title of the oil reserve in the Teapot Dome case to the United States, on the ground that "the lease and agreement were made frauduletily by means of conspiracy and collusion." (Mammoth Oil Co. vs. Insted States, 275, U. S.

13, 58.)

<sup>353.</sup> The law of December 23, 1928 also provided that under certain circumstances, the Haitian government might be asked to issue a Series D loan, of \$1,740,300, to be used for new railway construction. In return the government would receive stock in the railway. But following the arrival of Dr. W. W. Cumberland as Financial Adviser, it was decided not to carry out this further provision.

and now maintains 186 kilometres of road. During the last two and now maintains 186 kilometres of road. During the last two and now maintains 186 kilometres of road. During the last two as the control of the french and the control of the properties of the control of the contr

<sup>358.</sup> Douglas, quoted in Occupied Haiti, cited, p. 44.

<sup>369.</sup> Minus a 25 per cent reduction in the case of the fall-way bonds and a somewhat smaller reduction in the case of the internal bonds.

<sup>360.</sup> Series A and C bonds are payable in dollars in New York, while Series B bonds—an internal loan—are payable in dollars in Haiti. The only substantial difference between the three loans is that the interest on the Series C loan is subject to a 10 per cent Haitian income tax. The security boiled each loan is identical.

ket Fund. The loan contract prohibits the Haltian government from calling bonds during the first 15 years; but it does allow it to retire bonds purchased in the market at or below par. If the Market Fund can be exhausted each year by such purchases, the Series A loan will be retired in 1943 instead of 1952, the Series B loan in 1935 and the Series C loan in 1942. Whether or not these maturity dates will be realized will depend not only on the availability of the Market Fund but on the possibility of purchasing Haitian bonds in the open market at a rate not to exceed par.

In 1926-1927 the Haitian government reduced its public debt by more than a million dollars in excess of contractual requirements.362 A large part of this reduction represented a cancellation of unissued Series B bonds after the completion of the work of the Claims Commission. The reduction in the following year amounted to only about \$147,000 (735,240 gourdes), largely because of the high prices demanded for Haitain bonds and the difficulty of purchasing them in the open market. In September 1924 the public debt of Haiti stood at \$24,209,700; in September 1929 it stood at \$17,735,400, Public debt expenditures in 1927-1928 constituted 26.06 per cent of ordinary expenditures. While this is much smaller than the pre-war percentage,363 one Financial Adviser has expressed the opinion that "in view of the stage of the country's development and the need for constructive and productive expenditure, public debt requirements of Haiti may be regarded as representing a comparatively severe charge upon the income of the State,"364

#### EMIGRATION TO CUBA

In its work of financial and economic reorganization, the American Occupation has been confronted with problems of emigration and of land ownership. Emigration of Haitian laborers to Cuba, which seems to have come into existence by virtue of the over-population and economic backwardness of Haiti, has become pronounced only within the last twelve years. The sugar fields in Cuba offer wages two or three times as high as those paid in Haiti, where laborers receive only 20 or 30 cents a day.

Although it is estimated that many of the emigrants in Cuba return to Haiti, it is believed that over 100,000 Haitians are found in Cuba today—a number equal to one-fourth of the adult male population of Haiti. Emigrants to Cuba are usually recruited by agents of Cuban sugar companies, who, according to the Financial Adviser, have sometimes gathered laborers "at the expense of deception and later hardship to the emigrants concerned." There has also been a considerable movement across the border to the Dominican Republic.

Statistics of emigration to Cuba from 1912 to the present are as follows:<sup>366</sup>

1	Emigrated
Year	to Cuba
1912	209
1913	1,512
1914	117
1915	2,490
1916	4,878
1917	10,241
1918	11,268
1919	7,329
1920	30,722
1921	12,567
1922-23	10,152
1923-24	20,117
1924-25	21,517
1925-26	22,970
1926-27	21,619
1927-28	14,098

In February 1924 the Haitian government enacted a law providing for the licensing of emigration agents.<sup>287</sup> Foreign emigration agents must pay a license tax of 25,000 gourdes, while Haitian agents pay 500 gourdes. These agents are obliged to provide passage for emigrants and to insure them the same wages as are received by other laborers in the district, as well as to guarantee return passage without expense to the emigrant.<sup>388</sup> The Haitian government also imposes a tax of about \$8 upon each

<sup>381.</sup> Financial Advisor, 1927-1928, p. 109.

<sup>362.</sup> I.e., 5,008,042 pourdes, of which 420,000 pourdes were for nickel currency reserve. (Ibid., p. 111.)

<sup>363.</sup> Cf. p. 333.

<sup>364.</sup> Financial Adviser, 1927-1928, p. 92, 110.

<sup>365.</sup> Ibid., 1925-1926, p. 97.

<sup>866.</sup> Ibid., 1925-1926, p. 96; 1927-1928, p. 149.

<sup>367.</sup> The number of licensed agents declined from 27 in 1924 to 4 in 1928.

<sup>368.</sup> Le Moniteur, 1924, p. 106. This act repealed an act of February 16, 1923, Ibid., 1923, p. 101.

emigrant seeking employment abroad.369 As a result of these taxes, emigration has in many years been a more productive source of internal revenue than any other. largest return was in 1925-1926 when 1.014.012.50 gourdes were collected. 370

In July 1928 the Haitian government suspended emigration to Cuba, partly because of alleged ill-treatment of Haitians in Cuban sugar fields. But it was resumed in December 1928, as far as laborers imported by companies with Cuban authorization were concerned.371

Emigration has been criticized on the ground that it deprives Haiti of its labor supply and tends therefore to retard the country's economic development. It has also been criticized on humanitarian grounds. The French Archbishop of Haiti, Monseigneur Pichon, declared in 1925 that "without any exaggeration, it may be stated that 80 per cent of the emigrants have left the country for good, leaving behind their wives, children, religion, language, and all. Those who return have no other occupation than to recruit new emigrants. . . . It is the greatest catastrophe which has fallen upon this country since its independence." was reported to have stated that in southern Haiti there are "formerly prosperous regions which are today veritably deserts, although provided with abundant water. In 27 years the South has lost 80,000 souls."372

Most American officials have either defended emigration or regarded it as inevitable because Haiti is over-populated and opportunities for local employment are limited. Some of them favor emigration as a source of revenue. In 1928 the American Director of Internal Revenue declared that "the restriction on the Cuban sugar crop having been removed, it would only seem to be necessary for the Haitian government to lift its embargo on emigration for it to become once more a very important source of income to the government. It is earnestly hoped that the government will take steps to permit resumption of emigration. . . . """

#### THE LAND **OUESTION**

While the American Occupation does not favor government interference with emigration until opportunities for work exist at home, it has followed a vigorous policy in regard to the clarification of land titles. It is believed that as long as uncertainty exists as to land ownership, economic development will be difficult to achieve.

In colonial times, all land in Saint Domingue was owned by the Crown of France. which alienated large areas to plantation owners. Upon becoming independent, Haiti agreed to pay compensation for these properties.374 To protect the country against the return of the foreign plantation system, all the Haitian constitutions until 1918 contained a provision prohibiting foreigners from acquiring land by whatever title. Although it was possible to circumvent this provision through mortgages,875 few foreigners operated plantations in Haiti before the World War. As a result of the insistence of the United States, however, the Constitution of 1918 struck out the land ownership prohibition that had existed for 113 years, and provided that foreigners might acquire property "needed" for their agricultural, commercial, industrial and educational enterprises, but that this right should come to an end five years after the individual foreigner ceased to reside in the country.376 It is stated that some Haitians favored this amendment.

In a law of July 16, 1920, the Haitian government imposed restrictions upon the right of foreigners to acquire land. This led to a protest from the American Minister that the law was "an erroneous interpretation" of the Constitution, of a nature "to discourage the investment of capital" and a "hindrance to the attainment of the aims of the treaty of 1915." The Minister declared that the law had been passed without his approval and would not be recognized by the government of the United States.377

<sup>369.</sup> Emigration administration in Haiti at times has been an important source of graft. During 1919-1920, 29,181 Haitian laborers went to Cuba, and from each of these laborers the Haitian consul in Cuba collected a fee of 32. While he was supposed to turn over one-half to the Haitian government, in this year the government received only \$1,984 instance, the consul be prosecuted, but the Haitian government took no action. Inquiry, p. 1364.

370. Financial Adviser, 1927-1928, p. 149.

371. Bulletin de la Lique Haitians pour la Défense des Droits de l'Bomme et du Citoyen, May 1935, p. 8. Cf. the remarks of R. T. Auguste, Conseil d'Etat, Le Moniteur, 1955, p. 167. The emigration of Haitian women for immoral purposes has also caused attention. (Exposé Géréral de la Situ-369. Emigration administration in Haiti at times has been

poses has also caused attention. (Exposé Général de la Situation. Le Moniteur, November 17, 1927, p. 9.)

<sup>373.</sup> Financial Adviser, 1927-1928, p. 149. 374. Cf. p. 332.

<sup>375.</sup> Inquiry, p. 1434; Davis, op. cit., p. 212. 876. Article 5, Constitution of June 19, 1918. 377. Documents Diplomatiques, 1921, p. 107.

Although this law was not enforced, it remained on the statute books until 1925. A new law was then passed, one article of which embodied the constitutional provision that a foreigner who leaves the territory for an uninterrupted period of five years forfeits his land. This provision against absentee ownership apparently may be evaded simply by establishing a corporation either under Haitian or under foreign law. A foreign corporation, however, must secure authorization from the Haitian President to transact husiness in Haiti.378

Generally speaking, land in every country may be divided into two classes—that which is owned by the State and that which is owned by private individuals. Upon the establishment of its independence, the Haitian government became the proprietor of vast areas of land. Particularly in 1804, 1827 and 1883, it made distributions of land to ex-soldiers and others. A law of 1883 authorized the sale and conditional concession of public lands; but in 1897 this law was repealed.379 The government thereafter merely leased land to Haitians.

Periods of leases were from one to nine years, and rents brought in from one to twenty francs a hectare. At present it is estimated that about half of the land belongs to the government.380 In view of the extent of the mountainous regions, however, only about a third of Haiti's area is productive.

In 1920 the American Financial Adviser drew up a bill which he submitted to the Department of the Interior and the Department of State in Washington and to a "number of big banking corporations in New York to see whether or not it would be a deterrent upon American capital going into Haiti."381 The bill provided for a 30-year lease of public land to foreigners, with the possibility of a renewal for an equal period. When the Haitian government declined to adopt this bill and certain others, the State Department authorized the suspension of salaries.382

But since then the Haitian government has granted several concessions of State land to American sisal companies for

thirty years, subject to renewal for a similar These companies promise to pay period. rent amounting to 6 per cent of the market value of the land at the time of signing the lease. In no case is the rent to be less than 3 gourdes a hectare (60 cents per 21/2 acres).383 The contracts contain a provision for revising rent in case of renewal of lease. They provide that the company must have planted one-tenth of its land within three years. The State agrees that any export tax on sisal shall not be increased during the life of the contract (no such tax is in existence at the present time), and promises to do nothing which will establish a preference to the detriment of the company. In other words, the State agrees to treat all concessionaires exactly alike. Differences are to be referred to two arbitrators, one named by the company and one by the Haitian government. If these two cannot select a third arbitrator (in case it should be necessary to appoint one), the Secretary of State of the United States will nominate such an arbitrator, who is to be neither Haitian nor American. 384

The American and Haitian authorities have actively encouraged the establishment of sisal plantations in the territory. Although sisal was grown in Haiti by one native before the occupation, there has been no perceptible expansion of the production of this commodity by native cultivators since that time. The Service Technique, however, has a small gas-engine decorticator, and the results of its experimentation are presumably made available to natives.

#### THE ARTIBONITE CONTRACT

In 1927 an American group, headed by former Congressman W. A. Rodenberg, negotiated with the Haitian government in regard to an irrigation and plantation project in the Artibonite valley—one of the richest valleys in the country. Dr. Elwood Mead. Commissioner of Reclamation in the United States Department of the Interior, came to Haiti to give advice regarding this project. Dr. Mead believed that the productivity of the valley could be increased tenfold by irri-

<sup>378.</sup> Law of February 13, 1925, Le Moniteur, 1925, p. 105.
379. Ganthier, Recueil des Lote et Actes de la République
d'Haiti, 1887-1904, Vol. II, p. 344.
330. Financial Adviser, 1927-1928, p. 70.

<sup>381.</sup> Inquiry, p. 1433. 382. Ct. p. 354; Documents Diplomatiques 1921, p. 81.

This is the minimum rental as provided by the law of July 26, 1927.

<sup>384.</sup> For the contract, as approved by law, with the Haitlan American Development Corporation, cf. Le Moniteur, January 20. 1927. p. 18.

gation. It was conceivable that a foreign concern might install an irrigation project merely and then sell water to native farmers, but this plan was not considered. on the ground that the native farmers lacked both the knowledge and the money to make use of irrigation methods. It was decided therefore that both irrigation and cultivation in the valley should be given over to American enterprise. Nevertheless, native farmers were to be given the right to irrigation water if they so desired. A contract giving an option on such a project until June 1929 was signed by the Haitian government and Mr. Rodenberg on May 12, 1927.385 The American group was permitted not only to irrigate but also to cultivate the irrigable areas in the valley estimated to cover 50,000 acres-provided, however, that title to such areas could be secured. How was the American group to secure title to the land? As far as land necessary for irrigation canals was concerned, the government agreed to expropriate private property in case the owner declined to sell, and to lease State land without charge. As far as land for cultivation was concerned, the Haitian government agreed to lease State land at a rent of 6 per cent of the market value.386 and to give the company preference to State land already under lease if the present holders did not request renewal within 90 days after the termination of existing leases.387

Now the Artibonite valley is already densely populated. A report of the Service Technique declares that "every part of the Plain which does not contain too much salt or alkali is occupied by native farmers who cultivate the land. . ."388 It thus seems obvious that the object of the Rodenberg contract cannot be fulfilled without removing a certain number of the present occupants of the land. Under the terms of the contract, native farmers who

can prove ownership of land or who lease State land cannot be disturbed. But native occupants who cannot prove title or who fail to execute leases apparently may be removed.

Many Haitian peasants, popularly known as squatters, have no title to the land which they occupy. Although adverse possession on private land gives title in Haiti after twenty years, it has been an established principle of Haitian law since 1864 that prescription does not run against the State. Many such squatters have frequently been oppressed by Haitian officials in the past: others seem to have lived upon land owned by Haitians who reside in the cities.

#### THE 1927 LAND LAW

In an effort to give security to squatters. the Haitian government, apparently upon the advice of the American authorities, enacted a land law on July 26, 1927. Article 15 of this law states that occupants of State land389 may, during a period of three months after notification, lease such land from the State upon the payment of rent at 6 per cent of the annual value of the land. If the occupants refuse to take a lease, the land may be leased to the first person who requests it.390

As far as its text is concerned, this law seems to be based on the principle that the Haitian squatter is literate and intelligent enough to look after his own interests-a principle which is not usually followed by colonial governments in regard to native land. In Haiti legal notices are published in French; but if an illiterate peasant does not pay any attention to such notices, or if he is temporarily away from the land he occupies, such land may be leased to a new party. American officials insist, however, that in many cases Haitian squatters, being itinerant, do not put land to beneficial use. They assert that in the administration of the law it has been customary to serve personal notice on the squatters and that practically no dispossession and certainly no illegal dispossession of occupants of State land has occurred. Never-

<sup>385.</sup> It is understood that the American officials in Haiti were opposed to this contract, but that the contract was the

were opposed to this contract, but that the contract was the result of political pressure from Washington.

388. Article 18 of the contract of May 12, 1927.

387. The contractor agreed to set aside not less than 2 per cent of the land for home sites for laborers. The government promised that export duties on sugar, molasses, bananas, to-bacco, cacao, rice and other products should not be increased during the life of the contract, and to exempt all construction during the life of the contract, and to exempt all construction materials under the contract from customs dutles. The contract runs for 60 years. Although the Rodenberg group had not exercised its option by June 1228, it is understood that the renewal of the option is under consideration.

383. Haiti, Service Technique, "Rapport sur le Relevé du Sol de la Plaine de l'Artibonite," Bulletin No. 5, 1926, p. 20.

<sup>389.</sup> Provided they have occupied the land for two years.
390. Le Moniteur, 1927, p. 210. In 1927-1928 there were
21,996 lessees, who paid a rental of 232,149 gourdes; in 19251928 there were 14,790 lessees, who paid a rental of 191,390

theless, in the case of the habitation Lombard the report of the Financial Adviser states that nineteen squatters and delinquent tenants left the land which had been leased to an American corporation before or when clearing operations reached the parcels which they occupied. "They were not indemnified because they had no rights." <sup>251</sup>

It is possible that these squatters thoroughly understood the 1927 law authorizing them to lease land from the State. It is also possible that they were so illiterate and superstitious that they did not know the nature of their rights and were frightened away at the approach of an American plantation. The extent to which this type of native is made to realize his rights depends very much on the way the land law is administered. While American officials of today may administer the law with the utmost desire to protect the Haitian native, this may not be true of future governments when confronted by the pressure of Haitian politicians or of foreign corporations. Some observers believe that any system of leasing public lands will give Haitian officials opportunities for corruption which they would not have if bona fide occupants were given definite ownership. In other words, they believe that the rule that no prescription should run against the State ought to be repealed and that some system of homesteading should be enacted instead.

Under the old Constitution forbidding the holding of land by foreigners, the Haitian government was protected against the pressure of foreign land seekers to a greater extent than under the present system, where the alienation of State land is left largely to executive discretion. It should be pointed out that existing land legislation imposes no limitation upon the amount of land which a foreign corporation may acquire. 252 Under this legislation,

moreover, the same rent (6 per cent of the annual value of the land) is charged to native as to foreign lessees. While in the absence of a head tax it seems equitable to impose a rent upon native occupants of State lands, some critics feel that foreigners should be required to pay a higher rent than natives, simply because they are foreigners and because their capacity to pay is greater.393 On the other hand, the amount of land now owned or leased by foreigners in Haiti consists only of an insignificant percentage of the area of the country. In fact, few foreign concessions have made any profit in Haiti, and there have been few demands for concessions.

## GENERAL LAND POLICY

In defense of the present land policy of the country and of the concessions already granted, the Financial Adviser has made the following declaration:

"Land thus made productive was for the most part neither occupied nor used by Haitian peas-There has been no invasion of peasant proprietorship and no encroachment on the food supply of the people. The modest beginnings of agricultural development have already produced beneficial results. Land for many years practically abandoned has been cleared and restored to productivity. With no increase in the landless there has been marked gain in employment and well-being. Thousands of Haitians, many of them peasants with their own garden plots, in the neighborhood of the plantations, have been afforded an opportunity to supplement their meager incomes through gainful employment. Most encouraging of all, Haitian peasants, following the example of the plantation companies, are clearing land and putting it to productive use. These developments mark the first systematic and successful effort to deal with public land in Haiti on a sound and constructive economic basis.

"Those who are fearful of the future may take assurance from the fact that topographically and economically Haitian conditions set rather definite limits to plantation development. Large-scale 'agricultural operations have been advocated primarily for the productive use of unoccupied and uncultivated state lands. There are still opportunities for investment which are believed to be attractive, and which, if developed along the line of agricultural operations

<sup>391.</sup> Financial Adviser, 1927-1938, p. 75. In the case of the International Sisal Corporation, seven or eight Hailian peasants had occupied 14 hectares but had paid no rent for several years. They were given an opportunity to lease the land but retriend. They then moved way "without protest," and the land was taken or not several years. They were given an opportunity to lease the land was taken or the land as the land was taken or the land they may also have claimed the land as their own private property.

32. The land ordinance in Tanganyika limits such leases to 5,000 acree, except when the approval of the Secretary of State is obtained for leasing of larger areas. (Buell, op. cit., Vol. I, p. 488.) During 1926-1937 the Haitian government leased areas not exceeding 8,000 hoctares (20,000 acres) to two different parties. (Financial Advisor, 1927-1928, p. 72.)

<sup>333.</sup> The Senate committee in 1922 expressed the belief that "it is the duty of the American government to advise the Haltian government against permitting foreign interests to acquire great land holdings in Haltl." Report of the Senate Investigating Committee, No. 734, p. 25.

now under way, should be profitable to the investor and should contribute further to the solution of Haiti's economic and social problems. In no case should an unconscionable concession or special privilege be accorded to foreign capital as such, and nothing savoring of spoliation will be countenanced. Every concession should have in view primarily the interests of the Haitian people, assuring to them a proper share in the benefits of increased production." 334

The land problem in Haiti consists not only of determining the extent and status of State land but also of clearing up the chaotic system of land titles which increases the opportunity for fraud. At present it is stated that many Haitians who reside in the cities fraudulently claim title to land in the country and exact rent from tenants on such land. Various attempts to clear up titles have been made; and a system of cadastral commissions and of courts has been proposed. But all of these systems involving the survey and registration of land impose a heavy administrative and financial burden.

If the difficulties arising out of the treatment of State land and out of a chaotic situation with respect to land titles are cleared up by an impartial and efficient administration before the end of the occupation, so that the State will definitely know the extent of its domain and so that individual interests will be definitely determined, only good may result. But if this highly complicated task is left unfinished, and in this condition is handed over to Haitian authorities upon the termination of the convention, there is reason to believe that opportunities for corruption and maladministration will be greater than before.

#### ECONOMIC PROGRESS UNDER THE OCCUPATION

The American Occupation has restored order, installed a system of financial administration, inaugurated a new land policy, constructed many public works, carried on important public health activities and established a system of agricultural education. Have these policies led to material progress? The High Commissioner and the Financial Adviser answer this question in the affirmative. The High Com-

missioner made the following statement in h his 1928 report:

"Many buildings have been constructed and 1 not confined to the cities or to the relatively well-to-do class. Improvement in housing is ; perhaps even more noticeable in many rural dia. . tricts where galvanized iron is replacing the use : of thatch for roofing; wattle and mud are giving way to lumber for sidings; and better doors 1 and windows are in evidence. Enhanced buying power and a rise in the standard of living are further suggested by the increased importation of books and other printed material, chemical and pharmaceutical products, household utensils, foodstuffs, iron beds, motor vehicles, shoes, soap, and textiles, many of which imports are luxury articles and not essential to local welfare, although most of them have a direct relation to health, better living conditions, and general social progress. In this connection, it is interesting to note as an additional evidence of the rising standard of living that the number of subscribers to the telephone system of Port-au-Prince has risen from only 450 in 1924, to approximately 1,000 at the time of the preparation of this report, while telephone calls during the same period have mounted from slightly over a million to close to four and one-half millions... Increasing importation of motor vehicles and gasoline reflects the marked improvement that has taken place in transportation facilities. Automobile traffic in the cities and on the highways of Haiti is steadily growing, accompanied by an increase in the transportation of passengers, freight, and mail by motor."395

The last report of the Financial Adviser states:

"Marked progress in increasing and realizing the productivity of the country has resulted from the establishment of security and order, the opening of transportation routes from the interior to the ports, the improvement of sanitary conditions and the betterment of health standards, the extension of vocational education, and activity by the Government in the promotion of agriculture. The import tariff enacted in 1926 has encouraged domestic production, notably in the case of tobacco and in the use of cottonseed in the manufacture of lard substitutes. Exports show an encouraging trend, and when relieved of present fiscal burdens should further increase.

"Evidences of economic advance appear in the statistics of Haitian commerce; and one observes among the people indications of more prosperous times. It is believed, moreover, that the benefits of economic progress have been widely distributed among the masses. As a result of the financial and economic policies of the Government, the condition of the average Hai-

<sup>394.</sup> Financial Adviser, 1927-1928, p. 76.

<sup>395.</sup> Report of the High Commissioner, 1928, p. 14.

tian, with respect to health, dress, housing, furniture, and the enjoyment of public institutions and services has clearly improved. It is not to be implied, however, that the average standard of living is yet adequate to satisfy the requirements of stable nationality."396

Statistics show that government revenue has increased as follows:

REVENUES AND EXPENDITURES AND EXCESS OF REVENUES OR EXPENDITURES Erggar Vrang 1010 1017 mg 1000 1000 207

			FISCAL	I EAKS	1910-1914	TO	1920-1929.**	
			Revenues		Expenditures		Surplus	Deficit
Ye	ar		Gourdes		Gourdes		Gourdes	Gourdes
1916	-17	*********	18,934,684.7	0	15,884,177.80		3,050,506.90	***************************************
1917	-18	*********	16,048,390.7	5	14,614,997.45		1,433,393.30	***************************************
1918	-19	**********	29,955,933.4	5	15,499,480.45		14,456,453.00	*******************
1919	-20	**********	33,997,450.7	9	20,646,866.25		13,350,584.54	***************************************
1920	-21	**********	19,946,095.7	0	32,788,455.90		***************************************	12,842,360.20
1921	-22	**********	24,964,795.7	2	39,775,908.40		***************************************	14,811,112.68
1922	-23	**********	31,950,101.2	4	30,560,113.15		1,389,988.09	*****************
1923	-24	*********	32,902,321.3	13	34,215,495.94		***************************************	1,313,174.61
1924	-25	**********	40,487,667.0	10	39,218,202.02		1,269,464.98	*******************************
1925	-26	**********	45,364,648.1	.0	40,930,725.08		4,433,923.02	******************
1926	-27	**********	38,861,534.7	19	39,747,163.75		******************	885,628.96
1927	-28	***********	50,421,016.4	19	40,977,914.49		9,443,102.00	***************************************
1928	-29	*********	42,523,000.0	0	44,120,000.00		******************	1,597,000.00
T	otal	4	26,357,640.0	6 4	08,979,500.68		48,827,415.83	31,449,276.45

According to this table, revenues for 1928-1929 have increased about one hundred per cent since 1920-1921. For the entire period of the American occupation there has been a surplus of revenue over expenditure of 17,378,139,38 gourdes. An illuminating comparison may be made between Haitian revenues before and during the occupation. The average annual revenue of the Haitian government for the four years preceding the World War was 26.445.083 gourdes,398 But average rev-

enue during the last four years (1925-1929) has been 44,292,549 gourdes-which represents a nominal increase in government revenue of 67.48 per cent, and a real increase of 14.18 per cent. 399 This increase may be due in part to higher taxes or in part to greater honesty and more efficient collection.

Foreign trade statistics during the period of the American occupation are shown in the following table:

VALUE OF IMPORTS AND EXPORTS, AND EXCESS OF IMPORTS OR EXPORTS FISCAL YEARS 1916-1917 TO 1928-1929.400

				Excess	Excess
	Imports	Exports	Total	Imports	Exports
Year	Gourdes	Gourdes	Gourdes	Gourdes	Gourdes
1916-17	43,030,428	44,664,428	87,694,856	***************************************	1,634,000
1917-18	50,903,468	38,717,650	89,621,118	12,185,818	*************
1918-19	85,588,041	123,811,096	209,399,137	**************	38,223,055
1919-20	136,992,055	108,104,639	245,096,694	28,887,416	*************
1920-21	59,786,029	32,952,045	92,738,074	26,833,984	******************
1921-22	61,751,355	53,561,050	115,312,405	8,190,305	************
1922-23	70,789,815	72,955,060	143,744,875	*************	2,165,245
1923-24	73,480,640	70,881,610	144,362,250	2,599,030	***************
1924-25	101,187,825	97,018,810	198,206,635	4,169,015	***************************************
1925-26	94,257,030	101,241,025	195,498,055	***************************************	6,983,995
1926-27	78,756,600	76,495,442	155,252,042	2,261,158	*************
1927-28	101,241,283	113,336,230	214,577,513	***********	12,094,947
1928-29	86,189,612	83,619,167	169,808,779	2,570,445	**************
-					
Total1	,043,954,181	1,017,858,252	2,061,312,433	87,697,171	61,101,242

<sup>388.</sup> Financial Adviser, 1927-1928, p. 71.

197. Based on Financial Adviser, 1927-1928, p. 101, and on Monthly Bulletin of Financial Adviser, September 1929.

398. Cf. table, Ibid., 1927-1928, p. 55. This report calculated fluctuations on the basis of the gold value of the gourde prior to its stabilization May 2, 1919.

CARLO PARTICIPATION OF THE

<sup>399.</sup> Real increase is obtained by translating the 1929 figures into 1913 values in accordance with the wholesale price index of 147.

<sup>400.</sup> Based on Financial Advisor, 1927-1928, p. 3 and on Monthly Bulletin of Financial Advisor, September 1929.

For the entire period there has thus been an excess of imports of about 26,596,000 gourdes. The last report of the Financial Adviser states that excluding the first four abnormal years a comparison of average exports during the first and second halves of the remaining eight-year period shows an increase of average exports amounting to 68.48 per cent. Despite price changes, "an encouraging export tendency demonstrates basic economic progress."401

While the year 1927-1928 was a banner year in Haitian trade, the following year, ending in September 1929, was marked by depression. Coffee exports fell off from 41,417,000 kilos to 28,557,000 kilos; revenues declined 16 per cent; and expenditures exceeded revenues by 4 per cent.402 A number of business houses in Haiti closed down, 403

Some critics attributed this decline to the new internal taxes on tobacco and alcohol. and to the system of compulsory standardization which frightened peasants, they said, and kept them from bringing their coffee down from the hills.404

#### ANALYSIS OF HAITIAN TRADE

Despite efforts to develop a diversified agriculture, the one-sided nature of Haiti's export trade-its dependence upon coffee -remains. In value, coffee has constituted 70 per cent of total exports during the last The second largest export. 12 years. which in 1927-1928 contributed 10.16 per cent of the total exports, is raw cotton; the third is logwood, representing 5.68 per cent. Two new articles of export which have appeared in the statistics are sugar and sisal. Sugar accounts for 3.35 per cent of total exports. In 1927-1928 31,341 kilos of sisal were exported; while this is still a negligible part of the whole export trade, the authorities believe that sisal exports will increase in the future. About 30 per cent of imports consist of foodstuffs, while about 28 per cent consist of textiles, particularly cotton goods.405

405. Financial Adviser, 1927-1928, p. 22.

As far as the destination of Haiti's fonreign trade is concerned, the predominance of France has somewhat decreased. Thuus the proportion of Haitian exports destineed for France declined from 62.29 per cent; the average for 1921-925-to 49.77 per cent in 1927-1928.406 During the period of the receivership, the United States has sumplied Haiti with 82.1 per cent of its imports.

While it is evident that Haitian exportsts have increased during the period of thhe American occupation, it should be rememnbered that trade in the early years of thee occupation was abnormally low because off the World War, which interfered withh Haiti's market in France. It is believeed therefore that the real test of the result oof the American occupation rests in a companyison of Haitian exports before and during the occupation. The reports of the Finamcial Adviser-General Receiver are silent ass to the amount of Haitian exports before the World War. Nevertheless, such exports are stated by the Department off Commerce Year Book to have averaged annually \$14,538,000 for the four years 1910-1913 inclusive. The yearly averrage of such exports during the last founr years (1926-1929) has been \$18.740.000a nominal increase of 28.91 per centt. When one reduces this figure in accorddance with the index number of 147 to reemove differences due to price changes, if it will be seen that the value of Haitian exxports between these two periods has actualally declined 12.34 per cent.407

This conclusion should, however, bee checked by a comparison of the quantity of the leading exports before and after thene war. The comparison follows:408

Financial Adviser, 1927-1928, p. 3.
 Monthly Bulletin of Financial Adviser, September 1929, "La Grande Détresse de Nos Villes," La Presse, August

<sup>16, 1929.</sup> 404. Cf. Le Temps, October 21, 1929; La Presse, October 12,

<sup>406.</sup> This decline apparently was hastened as a result of of a new commercial agreement of July 29, 1926 between Francance and Haiti which greatly restricted Haitlan preference to French goods. There is no French bank in Haiti today, algained though Havre remains the principal port of destination for Haitian export products.

<sup>407.</sup> In the four years 1910-1918 Haiti exported an annualal average of \$5.29.000 more than it imported. During thee American occupation, however, there has been an excess of imports. Of p. 373. Furchases by American officials, including the Marine Prigade, have apparently contributed to the situations.

<sup>408.</sup> The pre-war figures are taken from Banque Nationalis de la République d'Haîti, "Renseignements Financièrs Statiss-tiques et Economics sur la République d'Haîti," Paris, 19185, tiques et Economics sur la République d'Hafti," Paris, 1915, p. 88. This table gives annual statistics by quantily tim pounds since 1904-1905. Pounds have been converted into kiloss. If the bank statistics err, it is probably on the side of underestimation, since presumably some taxes on exports were collected which were not reported to the bank. The post-ware figures are taken from the annual reports of the Financial Advisor-General Pacatres. Adviser-General Receiver.

#### PRE-WAR AND POST-WAR EXPORTS Yearly Average

		Percentage of
1910-1914	1925-1929	Difference
Coffee 30,812,560	33,520,030	+ 8.77
Cacao 2,350,801	1,894,942	- 19.36
Raw Cotton 1,399,687	3,769,347	+120
Logwood 38,562,032	27,358,874	- 40.94

Thus the export of coffee, which is more important than all other exports combined, has increased nearly 9 per cent. The article which shows the greatest increase is raw cotton, which, however, represents only 10 per cent of Haitian exports. Shipments of cacao and logwood, on the other hand, have declined.

Thus the general export statistics of Haiti show a real decline of more than 12 per cent: nevertheless the exports show an increase in quantity in the case of coffeethe leading article of export-of about 9 per cent, but there has been a decline in exports of logwood and cacao. The evidence to the effect that Haitian exports as a whole have declined during the last fifteen years therefore seems inconclusive. Nevertheless, there is no evidence to show that such exports have materially increased, as they have in many other countries during the same period.

A number of reasons have been given for the alleged failure of the Occupation to bring about greater increases in exports. It is argued that military occupation, featured as it was by intermittent hostilities until 1920, is incompatible with economic development. It is asserted also that the Haitian government is hostile to the entrance of foreign capital.409 Foreign business men assert, on the other hand, that the American High Commissioner himself has repeatedly demonstrated hostility to foreign enterprise. In 1922 he reported that he had effected at Port-au-Prince the organization of an American Chamber of Commerce, which he declared was a body of power and influence. "Under the able direction of its president and executive committee," he prophesied, "it will forge steadily ahead."410 But in 1927 the Chamber of Commerce dissolved on the alleged ground that the High Commissioner would neither consult it nor consider its recommendations.

In reply it is stated that American officials are protecting the natives of Haiti from exploitation by foreign enterprise. Moreover, Dr. Cumberland declares, "It is a common economic fallacy that foreign trade and national welfare are brought into too close a causal relationship."411 Many share Dr. Cumberland's view that the real test of economic progress in Haiti is not so much a growth of exports, as an improved standard of living among the people-a change which may or may not result in an increase of exports.

#### VI. THE PRESENT POLITICAL SITUATION

The final objectives of the American Occupation have been to establish a stable government and to train the Haitians to govern themselves. To determine the extent to which this aim has been achieved, it is necessary to review the present form of American control. This control is exercised through a High Commissioner, General John H. Russell, who in effect is also American Minister. Under him are five treaty officials as follows: the Financial Adviser-General Receiver, the Engineer in Chief of the Public Works Service, the Director General of the National Public Health Service, the Director General of the Service of Agriculture and Vocational Education, and the Commandant of the Garde.

While the Financial Adviser-General Receiver and the Director General of the Agricultural Service are civilians, the Directors of Public Works and Public Health are officers in the United States Navy, while the Commandant of the Garde is an officer in the United States Marine Corps. The treaty officials are assisted by about one hundred other Americans, some of whom are naval officers while others are civilians. In addition one hundred or so

 <sup>409.</sup> Financial Adviser, 1924-1925, p. 97.
 410. Report of the High Commissioner, 1923, p. 18.
 411. Financial Adviser, 1925-1926, p. 3.

American officers are found in the service of the gendarmerie. Finally, the United States maintains a brigade of marines in Haiti, totalling 37 officers and 500 men. This is about one-fourth of the number maintained there in 1922.

Treaty officials are appointed by the President of Haiti upon the nomination of the President of the United States. Each treaty official collaborates with a member of the Haitian Cabinet. Thus, the American Financial Adviser-General Receiver works with the Haitian Minister of Finance: the Director of the Service Technique with the Haitian Minister of Agriculture: and the three other treaty officials with the Haitian Minister of the Interior.418

In other words, the five treaty officials are responsible not only to the High Commissioner, but also to three members of the Haitian Cabinet and to the Haitian President. The two Cabinet Ministers who do not have treaty officials in their departments are the Minister of Foreign Relations and the Minister of Justice.

#### HAITIAN AND AMERICAN SALARIES

The President of Haiti receives a salary of \$24,000, plus a representation allowance of \$4,800, making a total annual income of \$28,800.413 Each of the five Secretaries of State receives \$6,000 a year. In comparison with the incomes of private Haitians, these figures seem fairly large.414

It is the practice of most governments, whether independent or colonial, to insert in the annual budget detailed salary figures for all officials. As far as the salaries of American officials are concerned, this practice is not followed in Haiti.415 It is understood, however, that the American

412. There are ten different Cabinet portfolios, but more than one portfolio may be held by a single Minister. Thus in 1828 M. Fonbrun was Secretary of State for the Interior and Public Works. M. Montas was Secretary of State for Foreign Relations and also for Religion; M. Rousler was Secretary of State for Finance and also for Commerce. M. Dorsinyille was Secretary of State for Public Instruction and also for Agriculture and Labor. M. Cauvin was Secretary of State for Tublic Instruction and also for Agriculture and Labor. M. Cauvin was Secretary of State for Justice. In this year, accordingly, five Ministers held ten portfolios. Cf. Annuaire Général d'Hatit, 1928, p. 30. 413. Budget Général de l'Expercise 1937-1935. Le Monties held ten portfolios. Cf. Annuaire General C. Hossis, 1800, p. 30.
413. Budget Général de l'Exercise 1927-1928, Le Moniteur,
September 26, 1927, p. 24.
414. Each member of the Council of State receives \$1,800

naval officials in Haiti receive so-called "double salaries"-i. e., their regular naval pay from the American government.416 together with an "indemnity" from the Haitian government. Thus the commandant of the Haitian Garde receives, in addition to his Marine Corps pay, an indemnity of \$3,000 a year.417 Each treaty official also has an automobile for the use of himself and his family, chauffeur and gasoline being furnished by the government. In addition, a number of other American officials, particularly in the Service Technique, have the use of government cars.

The system of "double salaries" applies to the three treaty officials in charge of the gendarmerie, public health, and public The two civilian treaty officialsthe Financial Adviser - General Receiver and the Director of the Service Technique -are understood to receive salaries of \$15,000 and \$10,000 respectively. The Director of Internal Revenue receives \$7.500. These salaries are paid out of the Haitian budget.418

Thus several American officials receive larger salaries than members of the Haitian Cabinet. This is in contrast to the system followed by the United States in Porto Rico, where the American Auditor and the Attorney-General receive \$6,000, or the same salary as Porto Rican Cabinet mem-The American Governor of Porto Rico receives a salary of \$10,000 a year, in contrast to the salary of \$15,000 paid to the Haitian Financial Adviser-General Receiver.

In 1925 the Financial Adviser calculated that the Haitian government expended \$424,800 annually upon American personnel, while the United States annually expended the sum of \$496,200 (or 17 per cent more) upon naval officers loaned to the Haitian government. It should be pointed out, however, that the United States would be liable for the salaries of these naval officers in any case, whether they served in Haiti or elsewhere.419

year, while prefects receive salaries varying from \$950 to

It is understood that General Russell receives merely the salary of a Brigadier-General of the Marine Corps (\$8,000); a residence, however, is provided him by the government.

<sup>417.</sup> Budget Général de l'Exercise, 1927-1928, Le Montieur, September 26, 1927, p. 29.

<sup>418.</sup> The salaries of \$10,000 and \$7,500 were fixed in the agreement concerning these officials. Cf. p. 362.

<sup>419.</sup> Report of the High Commissioner, 1925, p. The salary of the American Receiver in Nicaragua is \$15,000.

#### RELATIONS BETWEEN AMERICANS AND HAITIANS

The American treaty officials acting under the High Commissioner assume complete responsibility for the administration of the departments under their care. It is the practice of the High Commissioner and the treaty officials to hold weekly conferences at which questions of policy are determined. An annual report of the Sanitary Engineer of Haiti states, moreover, that

"... early in 1924 the American High Commissioner asked the Treaty Officials heading the several departments connected with the Haitian government to prepare a program for the development of their several activities. Roughly it was to cover a period of three years. The reason for the preparation of this program was that those responsible for the spending of the income of the Republic might visualize the problems to be solved and better appraise the relative importance of these problems.

"It was thought that when this was done the Treaty Officials would be in better position to adjust the assets of the treasury to the solution of the problems at hand."420

The treaty officials rely to a large extent upon Haitian personnel to execute their policies: and during the last few years it seems that more and more responsibility has been placed upon Haitian subordinates. The Financial Adviser has stated that "it is an established policy to give to the Haitian employees every possible opportunity to fit themselves, by training, experience, and application, for more responsible and better paid posts. . ."421 The Director of the Service Technique also declares that its general policy is to "employ only such non-Haitians as are absolutely necessary to fill those technical positions for which no properly qualified Haitian can be found."422

Thus the number of Haitian officers in the gendarmerie has steadily increased, as has the number of Haitian engineers and doctors. Haitian doctors give instruction in the medical school and act as assistant superintendents of district hospitals. Haitian engineers serve as assistant departmental chiefs in the Department of Public Works. On the other hand, only 4 out of the 12 collectors of customs are Haitians. while apparently all of the principal positions in the offices of the General Receiver and of the Service of Agricultural Education are held by Americans. In no case has the major responsibility for any treaty service been transferred to Haitians, on the ground that there are no Haitians efficient or honest enough to assume such responsibilities. Thus in Port-au-Prince the prison and the printing establishment are headed by Americans, although such duties in British Nigeria are performed by natives.423

#### Mr. H. P. Davis says:

"While it seems highly improbable that material is lacking in Haiti from which to fill positions now held by Americans, it is quite obvious that with such conspicuous exceptions as that of the public-health service, this vitally important aspect of the situation has unfortunately been neglected."424

Mr. Clarence Streit of the New York Times writes:

"The upper layer of American officials in the departments we control formulate important measures without consulting the Haitians on their staff, who merely help to execute them. Our treaty officers explain that there is 'so much to do' that they have 'no time to waste in debating or explaining matters to the Haitians." "425

Theories differ as to the legal relationship of the Haitian President and his five Ministers to the five treaty services. Under one theory the treaty officials are technically responsible to the Haitian Minister concerned; under another theory, responsibility is divided.

Nevertheless, Dr. A. C. Millspaugh, former Financial Adviser, asserts that power is concentrated to a large extent in American hands. He states that the American High Commissioner not only vetoes but also drafts Haitian legislation.

"He negotiates contracts with American companies, determines the administrative attitude to be assumed toward them by the American treaty officers, and interests himself in the details of claims, the collection of revenue, road construction, and in agricultural, educational, and sani-

<sup>420.</sup> Report of the Sanitary Engineer of Haiti, 1925-1926,

<sup>421.</sup> Financial Adviser, 1927-1928, p. 123.

<sup>422.</sup> Report of the High Commissioner, 1925, p. 40.

<sup>423.</sup> Buell, op. cit., Vol. I, p. 706, 714.

<sup>425.</sup> C. Streit, "Haiti: Intervention in Operation," Foreign Affairs, July 1928.

tary matters. American treaty officers have little official contact with the Haitian executive and their relations with the Ministers have necessarily become perfunctory or formal.

"On its face the arrangement is characterized by division and confusion both of authority and responsibility. . . It is a system which emphasizes the authority and responsibility of the United States in the domestic affairs of Haiti."428

An opposite view has been expressed, however, by Dr. W. W. Cumberland, another former Financial Adviser. In a Williamstown address he declared:

"Nothing could be farther from the truth than that the American officials dominate Haiti or exercise absolute control over her affairs. As Financial Adviser I was required in preparing the budget to confer with the Haitian Minister of Finance. Either could veto any item asked by the other. To my mind, this was true coperation rather than domination."<sup>427</sup>

The official view apparently is that there are two executive organizations in Haiti which consider questions of policy—the Haitian government and the American officials. The proposals of the American officials are subject to the veto of the Haitian government, and vice versa. Nevertheless, under this system American officials seem to exercise a greater number of administrative functions than they do in Porto Rico, despite the fact that Haiti is nominally independent while Porto Rico is not. 128

#### CRITICISMS OF THE ADMINISTRATION

Two other criticisms have been made against the present system of administration in Haiti. The first is that it is too complicated to suit the needs of an undeveloped country. Mr. Streit says:

"We have built an airplane for a man accustomed to riding a donkey. . . . The machine runs beautifully now while we are at the controls, but how will it run when we step out in 1936 and the man who all the time has been on the donkey steps in to fly alone?"<sup>429</sup>

The second criticism is that the present control of the United States over the Haitian administration is unjustified under the terms of the convention of 1915. Haitian critics declare that the text of that conven-

tion merely authorized the United States to nominate a certain number of officials to act as advisers to the Haitian government, but that instead of being "advisers" American officers today assume complete responsibility for administration. This condition is due, they assert, to the fact that the High Commissioner and three of the treaty officials are members of the naval force of the United States, and have been trained in a school which is accustomed only to command. 430

These Haitian critics also assert that nothing in the convention authorizes the American Legation to veto Haitian legislation, nor is the Financial Adviser authorized, they say, to veto proposed appropriations, to pre-audit expenditures or to ignore decisions of the courts. They assert, moreover, that the convention does not authorize the United States to administer internal revenue, the medical school, or other matters to which American control now extends.

Supporters of the present policy state, however, that these extensions of American authority have been agreed to by the Haitian government, either in the form of law or by a supplementary agreement. Critics reply that this "consent" has been the product of American force, or has been given by a "puppet" government. 1911

Between 1915 and 1922 the Haitian government under President Dartiguenave opposed the extension of American control. Since the election of President Borno in 1922, however, the Haitian governmeent has followed a policy of "cooperation." While opposition to American rule longer comes from the Haitian goveernment, it does emanate from members s of the Haitian élite outside the governmeient. They declare that the Borno government is illegally constituted, and that it is nnot representative of the Haitian people, bbut is merely an instrument of American ruble. The opposition to the Haitian government and to the American occupation, howeveer, cannot effectively vent itself through coon-

<sup>426.</sup> A. C. Millspaugh, "Our Haltlan Problem," Foreign Affairs, July 1929.

<sup>427.</sup> New York Herald Tribune, August 7, 1929.

<sup>428.</sup> In Porto Rico natives hold all Cabinet positions except that of Attorney-General.

<sup>429.</sup> Strelt, op. cit.

<sup>430.</sup> Cf. the change of atmosphere in the Philippines foliollowing the appointment of Mr. H. L. Stimson as Governor-Genenoral in succession to General Leonard Wood. M. Kalaw, "Governor Stimson in the Philippines," Foreign Affairs, April 1923.9.

<sup>431.</sup> Cf. p. 345. For Haiti's reservation, cf. p. 347.

stitutional channels because of the suspension of elections, and because of rigorous government control over the press and public assembly.

## PRESIDENT BORNO'S REPRESSIVE MEASURES

One of President Borno's first acts was to secure the adoption of a press law in December 1922 which (as amended in 1924) punishes "any injury, any outrage, or defamation" committed by the press against any member of the government, or against any diplomatic representative accredited to Haiti. In the case of "defamation" of the President, the truth of the accusation is no defense. The publication of "false news" is prohibited, as well as popular subscriptions to pay fines imposed upon newspapers for any of these offenses. Doubts as to the constitutionality of such legislation were removed by the adoption of a constitutional amendment in 1928.432

Following the adoption of this amendment, further changes were made in the press law. One of them provides for punishing violations of this law even when committed outside of Haiti.<sup>433</sup>

It is declared that President Borno has repeatedly imprisoned editors without trial. In one notorious case President Borno imprisoned without trial a M. Jolibois, an editor, who had accused General Russell of embezzlement. The practically universal testimony of Haitian and American critics is that General Russell is a man of high personal integrity; nevertheless, some critics believe that Jolibois should have been given a trial. 434

In March 1927 Senator William H. King, a critic of the occupation, was prohibited from entering Haiti by President Borno, after consultation with the American authorities. The reason given was that Senator King was an "agent of the worst ele-

ments of disorder," and that his presence in Haiti would provoke political agitation which might be disastrous to the people who were becoming accustomed to peace and work. 435

In December 1927 the editors of Le Nouvelliste were imprisoned, on the ground that they had printed a false report that a mob had gathered in Santo Domingo City to ask for the liberation of certain editors. Following this imprisonment, Le Cercle Bellevue, a well-known social club, which had been in existence for 30 years and of which the editors were members, postponed a ball scheduled to be held about this time. President Borno declared that the postponement was decided upon out of sympathy for the imprisoned editors, and ordered the club closed. The order was served by four American officers in the gendarmerie, eight Haitian gendarmes and several Haitian officials. 436

President Borno justifies restrictions on the freedom of discussion on the ground that some Haitian newspapers are guilty of "intolerable excesses." 187 It is also declared that a Haitian court would not convict Haitians guilty of libel against the government or American officials and that consequently President Borno is justified in taking severe action. 128

In view of the control exercised by President Borno over the press and to a certain extent over the personnel of the courts, 439 the necessity which at one time existed for the imposition of martial law by the United States seems to have declined. During the last several years few, if any, Haitian offenders have been tried by American provost courts. 449

## PRESIDENT BORNO'S RE-ELECTION

Thus opponents of the government have been unable to voice their opinions in the

<sup>432.</sup> Article 18 of the 1918 Constitution provided that abuses of the freedom of the press would be defined by law, without infringing upon the liberty of the press. The amendment of 1938 provided simply that the liberty of the press was guaranted, under conditions determined by law.

<sup>433.</sup> Law of January 18, 1829, Le Moniteur, 1929, p. 21. Le Moniteur for April 15, 1929 printed the complete text of the press law with amendments since 1922. A law of June 25, 1925 declared that no public meeting could be held without preliminary authorization, and that exhibition of banners "in-jurious" to the public authorities was forbidden. Ibid., 1925, p. 361.

<sup>434.</sup> Cf. Douglas, op. cit., p. 373; cf. also, Emily Balch, Occupied Haiti, Chapter X.

<sup>435.</sup> Le Moniteur, March 17, 1927, p. 51.

<sup>436. &</sup>quot;Les Propriétaires du Cercie Believue Militairement Dispersés," Le Nouvelliste, January 31, 1928.

<sup>437.</sup> Report of the High Commissioner, 1925, p. 6. In April 1929 Fresident Borno declared that an unserupulous opposition had responded with "injury, calumny and defamation" to his call to save the country. Liberty of the press did not mean the right to "outrage with impunity the representatives of public authority." Le Moniteur, 1928, p. 169.

<sup>438.</sup> Davis, op. cit., p. 256.

<sup>439.</sup> Cf. p. 387.

<sup>440.</sup> Report of the High Commissioner, 1928, p. 10.

press, and they have also been deprived of any participation in the election of the President of the country. Under the old Haitian Constitution, the President was elected by the Chamber of Deputies and the Senate, sitting as the National Assembly. Since the 1918 Constitution, however, the Haitian President has been elected by the Council of State, the 21 members of which are appointed by the President. As the close of President Borno's term approached in 1926, he became a candidate for re-election. Before the election date, in April 1926, he removed 18 of the 21 members of the Council of State, appointing as their successors a large number of relatives and friends upon whose support he could depend.441 On election day certain disturbances occurred, but were suppressed by the gendarmerie under American command: and when President Borno left on a visit to the United States after his inauguration, a crowd jeered his departure. High Commissioner Russell reported that

"... the re-election of President Borno was unquestionably a wise step on the part of the National Assembly as his record for the past four years has been such as to merit the strongest commendation from all who had the interests of Haiti at heart.... It was with much rejoicing, therefore, that those Haitians who have truly at heart the interests of their country received the news of Mr. Borno's re-election."442

The election of the President by the Council of State has been criticized both on constitutional and on political grounds. Haitian lawyers state that the Constitution of 1918 did not authorize the Council of State to act, even for a transitional period, as the National Assembly, but merely to exercise legislative power. Again, from the political standpoint, this system of election means that the people of Haiti have no control over the choice of a President.

## CONSTITUTIONAL AMENDMENTS, 1928

Apparently with the object of still further strengthening President Borno's position, the Council of State in June 1927 adopted constitutional amendments-subject to ratification by plebiscite-which provided among other things for the regulation of freedom of the press and court jury trial, abolishing life tenure for judges in favor of a term of five years, vesting the interpretation of laws in the legislature instead of the courts, extending the Presidential term from four to six years and authorizing the President's re-election.444 It was understood that the State Department at Washington objected to several of these provisions. Consequently the Council of State enacted a new set of amendments445 which were submitted to a popular vote on January 10, 1928, being adopted by a vote of about 175,000 to 3,500.446 Although the United States had preached the doctrine of fair elections in the Caribbean and although it supervised elections in Nicaragua and Panama, it did not install in Haiti, a country under American occupation, any electoral supervision for this or any other On the other hand, American authorities placed trucks at the disposal of the Borno government so that pro-amendment voters could be taken to the polls.447

As a result of these amendments, the Borno government may enact legislation imposing restrictions upon the freedom of the press and jury trial. Life tenure of office by judges has been abolished in favor of a tenure of seven years, except in the case of the judges on the Cour de Cassation, who serve ten years. And within one year President Borno may make changes in the present personnel of the courts. The amendments also extend the Presidential term from four to six years, but prevent a President from serving a second term, except after an interval of six years; they

<sup>441.</sup> The list of the members is given by Senator King, "American Occupation of Haiti." Speech in the Senate, May 12, 1926, p. 23.

<sup>442.</sup> Report of the High Commissioner, 1926, p. 5.

<sup>443.</sup> Cf. the Hudicourt memoir. Inquiry, p. 1883; also a petition of the Union Patrioritgue to Secretary Stimson, Varieties and Patrioritgue to Secretary Stimson, Varieties and Patrioritgue and

<sup>444.</sup> Le Moniteur, June 9, 1927, p. 141.

<sup>445.</sup> Le Moniteur, October 8, 1927, p. 271.

<sup>446.</sup> For the detailed figures, cf. 4bid., January 23, 1928. 447. F. P. A. News Bulletin, "Haiti," April 27, 1928.

<sup>448.</sup> A law was enacted in 1927 to the effect that no law could be declared unconstitutional except by a majority of six out of nine judges. (Le Moniteur, December 27, 1927). In 1938 the government enacted a series of laws reorganizing the courts and amending several codes. It also made new appointments to the Cour de Cassation. (Idd., 1828, p. 186.

prevent him from serving a third term under any circumstances.

It was assumed by some Haitians that the adoption of these amendments would prevent President Borno from being elected for a third term in 1930. In 1928 President Borno himself declared that the constitutional office with which he was clothed would come to an end on May 15, 1930.<sup>449</sup>

With the approach of the end of President Borno's second term, a pro-government paper declared that the 1928 amendment did not apply to the President in power at the time of its adoption and that President Borno was therefore eligible for re-election.<sup>450</sup>

During the fall of 1929 Haitian opponents of the government charged that President Borno, in anticipation of the Presidential election of April 1930, was beginning to make changes in the composition of the Council of State, in order to secure his own re-election or that of a successor under his control. On November 27, 1929, President Borno declared to the Council of State that he would not be a candidate for re-election in 1930. Critics assert that even if President Borno keeps his promise he will, through his control over the Council of State, determine the selection of his successor.

Finally, opponents of the government point out, the voters of Haiti have been prevented from participating not only in the election of the President but also in the passage of laws, including the appropriation of funds obtained from Haitian taxes.

## THE LEGISLATIVE ELECTIONS

The 1918 Constitution contained a "transitory" provision that the Council of State should exercise the legislative power until

the establishment of the legislature, and that the first legislative elections should be held on January 10 of an even year. 452 Nevertheless, no elections for the Chamber of Representatives have been held between 1917 and the present time. In October 1923 the Haitian government announced that "after an exchange of views with the Government of the United States," it had been decided that the elections should not take place in 1924.453 Two years later President Borno declared that these elections would not be held in 1926. In a circular to the Haitian prefects, he declared that it was the firm design of the present government "to realize fully the constitutional provision for the election of the two legislative chambers." But he added that the Haitian people were not ready.

"Democracy," he said, "is the government of the people. Our rural population, which represents nine-tenths of the Haitian people, is almost totally illiterate, ignorant and poor.... It is still incapable of exercising the right of vote, and would be the easy prey of those bold speculators whose conscience hesitates at no lie.

"As for the urban population, one-tenth of the total population, those of its members who are capable of expressing an intelligent vote—a little progressive minority formed of peaceful men, business men, artisans, citizens of different professions, belonging to different social classes—have for a long time for the most part renounced their electoral right, disgusted by the immoral manoeuvres and the insolvent frauds which render, and would still render, illusory their efforts as intelligent electors. The remainder is the small group of professional politicians, with their followers of every sort, who are mainly illiterate." 154

General Russell commended the President for telling the "truth," declaring that

"... the peasants, who form the mass (85 per cent) of the population and who have so long been held by their literate brothers in a backward state, have the mentality of a child of not more than seven years of age, reared under advantageous conditions."

Nevertheless, on April 1, 1928 President Borno announced to the Council of State that he would apply the constitutional provisions relative to the Chamber and Senate

<sup>449.</sup> Address to the Council of State, Report of the High Commissioner, 1938, p. 5.

<sup>450.</sup> Le Matin, October 23, 1929. President Machado has adopted a similar interpretation in the case of an analogous amendment to the Cuban Constitution. Cf. F. P. A. Information Service, Vol. V, No. 3, cited. Nevertheless, If M. Borno is not bound by the 1928 amendment, he is bound by the original Constitution of 1918. Article 72 of this Constitution states that a President who has been re-elected shall not be elected for a third term until after the expiration of a period of four years.

<sup>451. &</sup>quot;Un Deveir Urgent," Le Nouvelliste, September 10, 1929.

<sup>452.</sup> Titre VIII, Article 8, Constitution of June 18, 1918. The election date is to be fixed three months in advance, by Presidential decree.

<sup>453.</sup> Le Moniteur, 1923, p. 563.

<sup>454.</sup> Circular of October 8, 1925, Le Moniteur, 1925, p. 541.

before the end of his term in 1930—in other words, that the legislative elections would be held on January 10, 1930. But in a later circular to the Haitian prefects of October 12, 1929, President Borno declared that when he had envisaged the establishment of the legislature in 1930, he had had a right to hope, as the whole country did, that the wisdom of the opposition would have aided in hastening the hour.<sup>455</sup>

"Vain hope," he continued, "in the opposing groups of blind politicians, condemned to remain slaves to their passions, they have continued to misrepresent the most laudable moves of the government. And have created by their machinations, among the credulous and impressionable population, a dangerous spirit favorable to the worst impulses leading to disorder.

"In the presence of such a situation I have the duty to consider solely, as always, the superior interests of the republic, and to decide that the elections on January 10, 1980 shall be exclusively communal elections.

"I have absolutely no anxiety regarding the outeries and hypocritical declarations of the opportunist Democrats who imagine that they can still trifle with the people when they carry their audacity to the point of pretending to speak in their name after having been in past the veritable spoilers of the people."

President Borno's announcement that elections would not be held-which meant that the new President would again be named by the Council of State under Borno's control -created a tense situation. Such leading citizens of Haiti as MM. S. Pradel, Georges Léger, Pierre Hudicourt, Dantès Bellegarde, Ernest Chauvet, T. Auguste, and others now organized a National League of Constitutional Action.457 This league did not advocate any particular candidate for the Presidency, but demanded the observance of the constitutional amendment prohibiting third term, the application of the constitutional provisions regarding the legislature, and the "reinstatement of the Nation in its rights of Sovereignty."

When a call was issued for a public meeting to discuss the political situation, the government arrested four Haitians who had been announced as speakers. They were accused of sending out a "seditious call," and the meeting was not held. 468

The government of M. Borno, which is supported by an American-directed gendarmerie, also suppressed a number of newspapers at Cap-Haitien and at Port-au-Prince. 459

## PART FOUR CONCLUSION

As the above description shows, the present system of administration in Haiti is marked by two features: (1) the concentration of administrative responsibility in the hands of the American High Commissioner and treaty officials, working to a certain extent through the Haitian President, Council of State and Cabinet; (2) the suspension of popular control over the Haitian President. American officers in the Haitian gendarmerie carry out the orders of President Borno to suppress newspapers or political Two American officers and a meetings. number of gendarmes constitute a palace guard, which incidentally protects the President from personal attack. Generally speaking, the American Occupation defends from overthrow a constitutional system under which the Borno group may indefinitely continue in office. In return, President Borno has "loyally cooperated" with the American authorities.

The arguments against this system, which Dr. A. C. Millspaugh, former Financial Adviser, declares has the appearance of "dictatorship by collusion," 460 may be summarized as follows:

While it is true that stable government has been established in Haiti by the American Occupation, it is a stability which is not rooted in the institutions of the country

<sup>467.</sup> In June 1929 leading Haitians outside the government sent a petition to President Hoover, asking that the system whoreby President Borne exercised executive, legislative annu judicial powers, should come to an end. Le Nouvelliste, June 11. 1929.

<sup>458.</sup> La Presse, October 22, 1929.

<sup>459.</sup> Le Temps, October 28, 1928, New York Times, November 4, 1929. An Associated Press disaste reports that 200 sturdents at the Ecole Centrale went on atribe November 1, 1929 because appropriations for scholarships were reduced on the understanding that the students would be reimbursed for woork done. (The World, N. Y., November 6, 1929.) It is difficult to follow events in Halti in the American newspapers becaused Press are American naval or military officers of the American Occupation.

<sup>460.</sup> Milispaugh, op. cit., p. 568.

<sup>455.</sup> Le Moniteur, 1928, p. 142.

<sup>456.</sup> New York Herald Tribune, October 13, 1929.

but on the contrary is imposed by the force of the United States. It is argued that real stability can only lie in the development of indigenous institutions and in an orderly method of procedure which will command the respect of the articulate portion of the Haitian population.

#### LACK OF POPULAR SUPPORT

Although Haiti is nominally an independent country, and although the American Occupation will presumably come to an end in May 1936, the United States today is responsible for the maintenance of a less democratic system of government in that country than it has adopted in the American dependencies of Porto Rico and the Philippines, where native legislatures have existed for years. If the United States is sincere in its professions about building up stable government in Haiti, how, it is asked. can it justify a policy of suppressing legislative elections and the National Assembly in that country, or the indefinite maintenance of the Borno group in office? How can it defend infringements upon the freedom of the press, or fraudulent plebiscites on constitutional amendments, and how can it ignore the decisions of the Haitian courts? In other words, if the United States may flagrantly violate the Haitian Constitution, why may not Haitians do likewise? Has not the United States simply set an example for revolution in the future?

In reply it is asserted that these constitutional provisions have always been a mockery in Haiti, and that the United States today is merely doing, by more open methods, what Haitian dictators were accustomed to do under the old régime. But this is no adequate defense, it is argued, because the United States entered Haiti for the purpose of doing away with former conditions, and ought not to perpetuate them now. Indeed, it is argued that the situation is now worse, because although the Haitians may revolt against a native dictator, they are helpless to revolt against a dictator maintained by the force of American arms. 161

Finally, it is alleged that because of its dictatorial policies and a general attitude of

Many educated Haitians assert, moreover, that the system of government employed since 1917 is illegal and will not be recognized after the withdrawal of the United States. They declare that the election of the President by the Council of State is not warranted under the Constitution of 1918, since that document gave to the Council of State only the power to enact laws. 182

The greater number of observers seem to agree that if the United States left President Borno in power upon evacuation, he would be driven out overnight. Legally it would be possible for the United States to make recognition of the acts of the Borno government a condition of its withdrawal from Haiti. 464 But even were it to do so, the political problem would remain of leaving in Haiti a government which commanded the respect of the majority of the articulate population.

It may be true that the American Occupation has proved of great benefit to the peasant classes; nevertheless, when the United States withdraws from Haiti, the government will inevitably fall into the hands, not of the peasants but of the Haitian élite, the greater number of whom have not been given an opportunity to participate in the administration of the country, having been alienated by it instead. It is argued, therefore, that the most important task of the American government, and a task which so far has not been performed, is to bring about

racial superiority, the American Occupation has antagonized the Haitian élite, with the exception of those who draw government salaries. It is asserted that American officials are wholly out of sympathy with educated Haitians and regard them as racial and intellectual inferiors. They cite the case of an American marine, who, upon marrying a Haitian girl, was at once ostracized by the American community; they declare, furthermore, that not even the President of Haiti has been invited to the American Club. 462

<sup>462. &</sup>quot;The traditional attitude of the white American to black men is merely intensified in Halti by the fact that the country is the black man's, and that the white man is there without invitation and without welcome." (From a statement quoted in Balch, op. 6th, p. 118.)

<sup>463.</sup> Cf. p. 386.

<sup>464.</sup> In the Evacuation Agreement of June 30, 1922, between the Dominican Republic and the United States, the Dominican Republic recognized the validity of laws enacted by the American military government.

<sup>461,</sup> Bellegarde, L'Occupation Américaine, cited.

the re-establishment of a constitutional system which will allow the Haitian opposition an opportunity legally and openly to state its views as well as to gain control over the administration.

## LACK OF INTERNATIONAL SUPPORT

Such are the criticisms of present American policy in Haiti that have come from native sources. Other critics see a further problem of an international character in the position assumed by the United States. The latter has repeatedly professed the doctrine of the equality of States in the Western Hemisphere. It has not protested at the participation of Haiti in the work of the League of Nations or of the Pan American Union. Nevertheless, it is argued, Haiti is under more strict American control today than are Porto Rico and the Philippines. No matter how disinterested American motives may be, the occupation of Haiti without international authorization of any sort gives an opportunity to anti-American elements in every part of the world to stir up antagonism against the United States. Thus it is reported that La Opinion, a Dominican newspaper, on August 9, 1929 sent a circular to every Latin American newspaper advocating an "intense campaign in favor of the liberation of Haiti." Moreover, a Haitian journalist, M. Jolibois, followed up President Hoover's goodwill tour throughout Latin America, demanding that the American occupation of Haiti be withdrawn.465 The view held by such persons is that the economic interests of the United States are not advanced by the present occupation; and that if, following evacuation, Haiti should prove after a fair trial to be incapable of keeping its house in order, intervention should be undertaken; if at all, only under the authorization of an international or inter-American community.

#### JUSTIFICATIONS OF THE OCCUPATION

At least three arguments may be advanced in favor of the present system of government in Haiti:

- 1. That the United States has no right under the treaty to dictate to President Borno whether or not elections should be held and that, apart from the administration of the treaty services, the United States is not responsible for acts of the Haitian administration. (It is pointed out that High Commissioner Russell was absent from Haiti when President Borno announced his decision in October 1929 not to hold elections.)
- 2. That the Haitian people are not yet ready for a democratic government; that neither free elections nor free speech existed in Haiti in the past; that parliamentary forms were a mockery used by the élite to exploit the peasant masses; and that, as Dr. W. W. Cumberland, former Financial Adviser, declared at Williamstown:

"The American government therefore decided to abandon the mummery of an elected legislature and accept the fact of a legislature appointed by the President until a school system and popular education could be established."

Dr. Millspaugh has stated that the Haitians are probably less prepared for self-government than the Filipinos.

3. That the establishment of a popularly elected legislature and President, together with an independent judicial system in Haiti, would make the position of the American Occupation untenable. It is true that in Porto Rico and the Philippines important responsibilities have been vested in native officials; but in these territories, the courts which are under American control may impose penalties upon officials for wrongdoing. In Haiti, on the other hand, the United States is unable to exercise any judicial power under the convention of 1915. It is also true that legislative power in Porto Rico and the Philippines is exercised by

<sup>465.</sup> Cf. Le Temps, August 30, 1929; Christian Science Monitor, May 7, 1929.

<sup>465.</sup> New York Revaid Tribuse, August 7, 1929. It is declared, however, that the Occupation has done nothing to improve literary education (cf. p. 363), and that the same elements which oppose self-government for Hait because of the filliteracy of the people oppose self-government for that ibecause of the filliteracy of the people oppose self-government for the Philippines and Porto Rico, although illiteracy in both countries has greatly declined under American rule. The Donoughmore Commission to Ceylon declared that ability to read and write was no evidence of intelligence; the illiterate countryman with his "borse sonse" was said to be "a better judge of character and wiser than people with a little book-learning." (Ceylon Report of the 523, p. 55.) East, moreover, is not the only "independent" country where illiteracy (settimated at between 75 and 88 per cent) is high. Colombia, Mexico, Brazil, Nicaragua, Portugal, Venezuela, the Dominican Republic, Guatemala, Egypt, all have an illiteracy rate of between 56 and 100 per cent. Egypt is, however, the only one of these countries having more than 90 per cent illiteracy, (J. B. Abel and N. J. Bond, Illiteracy in the Several Countries of the World, Department of the Interior, Bureau of Education, Bulletin 1929, No. 4, p. 38.)

native Parliaments; but here again the United States exercises a legal veto and—what is more important—has authority to break deadlocks between the native legislature and the American executive. But in Haiti, if a popularly elected legislature declined to vote the budget, for example, the hands of the American Occupation would be tied and eventually it would be obliged to withdraw without having accomplished its purposes.

Generally speaking, officials in Haiti discount criticisms of the occupation on the alleged ground that they emanate largely from (1) Haitian politicians who have been deprived of the political spoils which in the past constituted their source of living, (2) American business men who have been disgruntled at their failure to secure an opportunity to exploit the country, (3) sentimentalists who come to Haiti with preconceived ideas, who stay only a few days, and who have no idea of the practical difficulties involved in the administration of such a country.

## PROPOSED POLICIES FOR THE FUTURE

The convention of 1915, under which the United States occupies Haiti today, comes to an end on May 3, 1936—or in about six and a half years. By that date a decision must be reached as to evacuation or as to the negotiation of a new treaty.

#### What should American policy be?

Some hold the view that the occupation of Haiti is based on force and that while it has brought about material improvements, it has demoralized the Haitian educated class. They believe, therefore, that the sooner the Americans terminate the treaty and withdraw, the better.

Others hold the view that the present American policy is a sound one, and that it should be continued until the expiration of the convention. President Borno stated in April 1928 that "eight years hence the coperation [between the United States and Haiti] will come to an end. My Government's whole energy is directed toward bringing about a program of reforms intended to put the country on the normal path

of civilized peoples and thenceforth render unnecessary the exceptional assistance of the United States."

A third view is that if the present policy is continued, the Haitians will be less able in 1936 than they were in 1914 to maintain a stable government unaided. Persons holding this view believe that in order to begin to train the Haitians to stand upon their own feet, drastic changes of policy should be made immediately. They recommend (1) that the present military officers should be replaced by civilians, on the theory that civilians would be less dictatorial in their attitude and better trained for administrative tasks than military officials: (2) that the Marine Brigade should be withdrawn; (3) that greater responsibilities should be imposed on the members of the Haitian Cabinet; (4) that elections should be held for the legislature and that the Council of State should be abolished. When these changes are made, they say, the United States should announce its intention to terminate the Occupation by 1936 or even earlier.

Proponents of this view admit that the Haitians will not be able to maintain an administration as efficient as that of Americans, but assert that the United States has no right to exact standards of efficiency from Haitians which the Haitians do not desire to maintain, and which are not maintained by many other countries in the world. They do not believe that revolutions will recur after American withdrawal, provided the United States leaves in Haiti a government which rests upon a legal basis and enjoys popular support-in so far, at least, as the articulate element of the population is concerned. Those who hold this view believe that the influence of the caco leaders. which was instrumental in causing revolutions in the past, has been destroyed and that, as a result of the American rule, the Haitian peasants as well as the élite have learned the benefits of peace. Fears of revolution following American withdrawal from the Dominican Republic in 1924 have not materialized. In the case of Haiti, if the United States remains in the country until the American officials there are convinced that revolutions will not occur following withdrawal, it is argued that the United States will remain in Haiti indefinitely.

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A fourth view is that the Haitian people will be incompetent to govern themselves until after a long period of education. It is the opinion of those who hold this view that if the Occupation is terminated in 1936, the reconstruction work inaugurated by the United States-including an educational system essential to Haitian economic development-will come to an end. The government would be turned over to the Haitian politicians, who would again exploit the Haitian peasants; economic stagnation would set in; the gendarmerie would fall into the hands of a clique who would use it for revolutionary purposes. Those who hold this view recall the revolutions between 1911 and 1915, terminating in the frightful massacre of political prisoners by General Oscar. They state that these conditions would reappear in Haiti were the United States to withdraw. and that such conditions cannot possibly be tolerated in a country lying only a few hundred miles from the United States. Consequently they advocate the indefinite occupation of Haiti by the United States and the authorization of such occupation by the negotiation of a new treaty in 1936, embodying substantially the same provisions as the present convention. Others assert that a treaty giving the United States merely the right to administer a customs receivership and to officer the gendarmerie would be sufficient. The success of any new treaty

may depend, however, upon whether it is negotiated by the methods used in 1915,<sup>467</sup> or whether it is the result of voluntary agreement on the part of representative governments in each country.

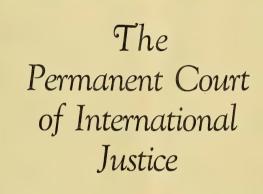
In view of the controversy that has come into existence over the question of Hlaiti. and in view of the intricacy of the isssues involved, the suggestion has been made a that President Hoover appoint a commissicion to investigate the situation and make rececommendations as to future policy. It is s suggested that the members of such a c.commission should consist of men having a knowledge of international policy and of f the relationship of advanced to less advanced peoples. In view of the fact that Haititi is inhabited by a black population it has also been suggested that any such commisssion should include in its membership an Ameerican Negro. Some critics of the preseent American policy in Haiti oppose the appointment of a commission on the ground that this means delay and that the commission would be "packed." Supporters of tthe present policy feel that there is no need ffor such a commission. It is argued by others that the appointment of a Haiti commissiion would be in line with President Hoover's policy of appointing commissions of inquiry as in the case of Law Enforcement and Public Lands.

#### **ADDENDUM**

While this report was in press President Hoover accepted the suggestion referred to above. On December 3, 1929, in his message to Congress President Hoover declared, "If Congress approves, I shall dispatch a commission to Haiti to review and study the matter in an endeapor to arrive at some more definite policy than at present."

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## THE PERMANENT COURT OF INTERNATIONAL JUSTICE

by

VERA MICHELES DEAN with the aid of the Research Staff of the Foreign Policy Association

#### INTRODUCTION

ON December 9, 1929 the American Chargé d'Affaires at Berne affixed the signature of the United States to the Protocol of Signature of the Permanent Court of International Justice, the Protocol of Accession of the United States, and the Protocol of Revision of the Statute of the Court. This action had been foreshadowed in President Hoover's message to Congress on December 3, 1929, in which he made the following statement:

"In January 1926, the Senate gave its consent to adherence to The Court of International Justice with certain reservations. In September of this year the statute establishing the Court has. by the action of the nations signatory, been amended to meet the Senate's reservations and to go even beyond these reservations to make clear that the court is a true international court of justice. I believe it will be clear to everyone that no controversy or question in which this country has or claims an interest can be passed on by the Court without our consent at the time the question arises. The doubt about advisory opinions has been completely safeguarded. Our adherence to the International Court is, as now constituted, not the slightest step toward entry into the League of Nations. As I have before indicated, I shall direct that our signature be affixed to the protocol of adherence and shall submit it for the approval of the Senate with a special message at some time when it is convenient to deal with it."

The Protocol of 1920 which the President intends to submit to the Senate established a Court which differed fundamentally in character, composition and functions from any previously existing institution. Prior to 1920 the only agency for the adjudication of international disputes it had been found possible to create was the Permanent Court of Arbitration at The Hague, which was set

up in 1899. This "Court" was merely a panel of judges from which States parties to a dispute could draw arbitrators whenever they chose to do so. The attempt made at the Second Hague Conference, 1907, to establish, in addition, a "Court of Arbitral Justice," met with failure, largely because of the inability of the several States to agree on the manner of electing the judges.

The framers of the Covenant of the League of Nations succeeded in incorporating into that instrument an article (Article 14) providing for the establishment of a Permanent Court of International Justice. In accordance with this article, the Council of the League, on February 13, 1920, appointed an Advisory Committee of Jurists to consider plans for the creation of such a Court.1 This committee, composed of ten eminent jurists, including Mr. Elihu Root, former Secretary of State of the United States, convened at The Hague on June 16, 1920. The draft prepared by the committee was adopted in amended form by the Council in October 1920,2 and submitted by it to the Assembly. The latter, on December 13, 1920, adopted a resolution approving the Statute of the Permanent Court of International Justice and establishing the procedure for its signature and ratification.3

League of Nations, Verbatim Report of the Fifth Meeting of the Second Session of the Council of the League of Nations, London, February 13, 1920. Geneva, 1921, p. 11.

League of Nations, Procés-Verbal of the Tenth Session of the Council, Annex 118a, p. 163. For the text of the draft prepared by the Advisory Committee of Jurists, cf. The Records of the First Assembly, Meetings of the Committees, Third Committee, Annex I, p. 411.

<sup>3.</sup> League of Nations, The Records of the First Assembly, Pleuary Meetings, p. 500-501. The Protocol of Signature was opened at the Secretariat of the League in Geneva on December 16, 1920, and certified copies of the Protocol and adjoined Statute were sent to States Members of the League and States mentioned in the Covenant. By December 15, 1929, fifty-five States had signed the Protocol of Signature of the Statute, which remains open for signature by the States mentioned in the Annex to the Covenant. The signatory States are: Albania,

#### ORGANIZATION OF THE COURT

In September 1921 the Assembly and the Council elected the members of the Permanent Court of International Justice. The Court assembled at The Hague for a preliminary session on January 30, 1922. At that time it framed the rules which now regulate its procedure, elected its President and Vice-President, and appointed its Registrar.

The fundamental law governing the activities of the Court is to be found in the Covenant of the League of Nations, the resolution of the Assembly of December 13, 1920, the Protocol of Signature and the Statute<sup>5</sup> accompanying this Protocol. The Statute is an international convention, and may be amended only by the States signatories of the Protocol. On December 14. 1928 the Council, in pursuance of a resolution adopted by the Assembly on September 20, 1928, appointed a Committee of Jurists to examine the question of the revision of the Statute.6 This committee met in Geneva on March 11, 1929 and recommended a number of amendments which will be examined below.7

The Court has been described as a tribunal "in which a regular jurisprudence could develop, a Court strictly juridical and rigorously judicial, free from all preoccupations and all influence of a political nature: a Court of Justice in the narrow but clear and exact sense of the phrase." Two main

conditions were considered necessary for the existence of such a court: a permanent body of judges and continuity in the performance of their functions. In both these respects the Permanent Court of International Justice differs from the Permanent Court of Arbitration.

The Second Hague Conference, 1907, had been faced with the problem of electing judges to serve on a "Court of Arbitral Justice" in such a manner as to maintain the equality of States. The Advisory Committee of Jurists, faced by a similar problem in 1920, solved it "in an extremely precise and ingenious fashion."9 Article 4 of the Statute provides that the members of the Court are to be elected for nine years by the Council and the Assembly from a list of persons nominated by the national groups in the Permanent Court of Arbitration;10 the members of these groups, it must be noted, are appointed by their respective governments, and must be of high moral character and "recognized competence in questions of international law."11 Equal and simultaneous election of the judges by the Council, in which the great powers have a preponderance, and the Assembly, where the small States are in a majority, is intended to establish a balance between the interests of both groups.12

At the request of Brazil, the Conference of Signatory States in September 1929 examined the conditions under which a State which has accepted the Statute of the Court, but is not a member of the League of Nations, may participate in the election of judges. It recommended that the Statute be amended to the effect that these conditions "shall, in the absence of a special agree-

Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Canada, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Denmark, Dominican Republic, Estonia, Ethiopia, Finland, France, Germany, Great Britaini, Greece, Guatemala, Haiti, Hungary, India, Irish Free State, Italy, Japan, Jugoslavia, Latvia, Liberia, Lithuania, Luxemburg, Netherlands, New Zealand, Nicaragua, Norway, Panama, Paraguay, Persia, Peru, Poland, Portugal, Rumania, Salvador, Siann, South Africa, Spain, Swedea, Switzerland, United States of America, Uruguay and Venezuela, All these States have ratified except Bolivia, Colombia, Costa Rica, the Dominican Republic, Guatemala, Liberia, Luxemburg, Nicaragua, Paraguay, Persia, Peru, Salvador and the United States of America.

<sup>4.</sup> The Rules of Court have been revised on two occasions— July 31, 1926 and September 7, 1927. Publications of the Permanent Court of International Justice, Series E, No. 4, Fourth Annual Report, 1928, p. 75-78, and Series D, No. 1, Addendum.

<sup>5.</sup> Publications of the Court, Series D. No. 1, Statute of the Court.

<sup>6.</sup> The resolution of the Assembly stated that, "considering the ever-increasing number of matters" referred to the Court it was advisable to examine the provisions of the Statute "with a view to the introduction of any amendments which experience may show to be necessary."

<sup>7.</sup> The instrument which embodies the amendments recommended by the Committee of Jurists and adopted by the Conference of Signatory States is known as the Protocol concerning Revision of the Statute. It was approved by the Assembly on September 14, 1929.

Report presented by M. Léon Bourgeols, League of Nations, Procés-Verbal of the Eighth Session of the Council, Annex 89a, p. 165.

<sup>9.</sup> Ibid., p. 167.

<sup>10. &</sup>quot;In the case of Members of the League of Nations not represented in the Permanent Court of Arbitration, the lists of candidates shall be drawn up by national groups appointed for this purpose by their Governments under the same conditions as those prescribed for members of the Permanent Court of Arbitration by Article 44 of the Convention of the Hague of 1907 for the pacific settlement of international disputes." (Article 4.)

<sup>11.</sup> Hague Convention for the Pacific Settlement of International Disputes, 1907, Article 44.

<sup>12.</sup> Report on the Draft Scheme for the Establishment of the Permanent Court of International Justice . . , presented to the Council of the League, on behalf of the Advisory Committee of Jurists, by M. Albert de Lapradelle. League of Nations, The Records of the First Assembly, Meetings of the Committees, p. 422, 421.

ment, be laid down by the Assembly on the proposal of the Council."13

#### COMPOSITION OF THE COURT

The Statute at present provides that the Court shall consist of fifteen members—eleven judges and four deputy-judges. <sup>14</sup> The Committee of Jurists in 1929 recommended that the office of deputy-judge be abolished, and that the number of ordinary judges be increased from eleven to fifteen. <sup>15</sup> This amendment was adopted by the Conference of Signatory States on September 4, 1929. <sup>16</sup>

The judges are to be elected regardless of their nationality "from amongst persons of high moral character, who possess the qualifications required in their respective countries for appointment to the highest judicial offices, or are jurisconsults of recognized competence in international law." The Statute prescribes that at every election "the electors shall bear in mind that not only should all the persons appointed as members of the Court possess the qualifications required, but the whole body should represent the main forms of civilization and the principal legal systems of the world." The members of the Court may not exercise any political or administrative function: an amendment adopted on September 14, 1929 provides in addition that they are not to "engage in any other occupation of a professional nature."17 No member of the Court may act as agent, counsel or advocate in any case of an international nature. The

13. League of Nations, Question of the Revision of the Statute of the Permanent Court of International Justice: Report of the First Committee to the Assembly. A. 50, 1929, V. members of the Court, when engaged in the performance of their functions, enjoy diplomatic privileges and immunities.

The qualifications of members of the Court were discussed by the press in September 1929, when Sir Cecil Hurst and M. Henri Fromageot, legal advisers respectively of the British and French Foreign Offices, were elected to succeed Lord Robert Finlay and M. André Weiss. No objections were advanced against either of the new judges on personal grounds. The fact, however, that both men had seen long years of administrative, as distinguished from judicial service, and had taken an active part in the drafting of treaties now in force, was regarded as depriving them of the disinterestedness which is the chief guarantee of continued confidence in the work of the Court.18 Similar criticism has been expressed concerning Mr. Hughes, on the ground that he has not ceased to be closely associated with political affairs in the United States.19 On the other hand, it may be argued that the Court benefits by the experience of men who have had a practical knowledge of international relations. This view is supported by the recommendation made by M. Fromageot in the Committee of Jurists and adopted by the Conference of Signatory States, to the effect that candidates should not only possess "competence" in international law, but "practical experience" as well.

The Statute provides that judges of the nationality of each of the contesting parties shall retain their right to sit in the case before the Court. If the Court includes upon the bench a judge of the nationality of one of the parties, the other party may choose a person to sit as judge. If the Court includes upon the bench no judge of the nationality of the contesting parties, each of these parties may proceed to select a judge in accordance with the provisions of the Statute.<sup>20</sup>

The Court is to appoint every three years special chambers of five judges to hear and

<sup>14.</sup> The Court is now composed as follows. Judges: Dionisio Anzilotti, President; Max Huber, former President; Dr. B. C. J. Loder; Didrik Nyholm; Charles Evans Hughes; Dr. Antonio S. de Eustamante; Rafael Altamura; Dr. Yorozu Oda; Epitacio Se Silva Fessoz; Sir Cael Hurst; Henri Fromageof, Deputy-Judges: Michel Yovanovitch; Frederik Esichmann; Demetre Negulesco and Wang Chung-Hui.

<sup>15.</sup> League of Nations, Question of the Revision of the Statute of the Permanent Court of International Justice: Documents Communicated to the Assembly and the Council. A. 9. 1929. V., p. 3.

League of Nations, Revision of the Statute of the Permanent Court of International Justice, Protocol. C. 492. M. 156. 1929. V., p. 15.

<sup>17.</sup> The Statute provides that the judges shall receive an annual indemnity and grants for the actual performance of their duties. The Committee of Jurists in 1292 came to the conclusion that "the requirements as to the selection of judges and rules regarding the other occupations which they may not follow concurrently having been more clearly stated," the judges should receive fixed annual salaries to be determined by the Assembly on the proposal of the Council. At the suggestion of the Committee of Jurists, the Assembly adopted a resolution in September 1829, fixing the annual salary of members of the Court at 45,000 Dutch florins (approximately \$13.080).

<sup>18. &</sup>quot;Va-t-on affaiblir la Cour?" Journal de Genève, September 11, 1929.

<sup>19.</sup> The New Republic, September 11, 1929, p. 83.

<sup>20.</sup> National judges have sat on the Court in the following cases: S.S. Winbledon (German); Mourommatis Palestine Concessions (Greek); German Interests in Polish Upper Silesia (German and Polish); Case Concerning the Factory at Chorcow (German and Polish); S.S. Lotus (Turkish). Ct. Wheeler-Bennett, Information on the World Court, 1916-1928, London, Allen and Chukin, 1929, p. 77, et seq.

determine labor cases and cases relating to transit and communications. The Statute provides that "with a view to the speedy despatch of business, the Court shall form annually a chamber composed of three judges, 21 who, at the request of the contesting parties, may hear and determine cases by summary procedure."

#### SESSIONS

The Statute provides that a session of the Court shall be held every year, beginning June 15. The Committee of Jurists in 1929 came to the conclusion that, in practice, the Court had been obliged to hold several extraordinary sessions annually, on account of the increase in cases referred to it. This fact, in the opinion of the committee, has tended "to bring the Court nearer to that permanent character which its title denotes. and which its promoters had contemplated in order to advance the progress of international justice." The committee recommended an amendment to the effect that the Court shall remain permanently in session except during judicial vacations. This amendment was adopted by the Conference of Signatory States.

The expenses of the Court are to be borne by the League of Nations "in such a manner as shall be decided by the Assembly upon the proposal of the Council." From each contribution paid by the Members of the League into the general funds the Court is granted a share corresponding to the proportion which its own budget bears to that of the League, it being understood that when necessary the Court may also be granted, in the same proportion, advances from the Working Capital Fund.<sup>22</sup>

#### JURISDICTION

The Court is open to Members of the League and to States mentioned in the Annex to the Covenant.<sup>23</sup> A resolution adopted by the Council on May 17, 1922 stipulates the conditions under which other States

may appear before the Court.24 The Court is not open to individuals or corporations.

Opinion differed, both in the Council and the Assembly, as to the extent of the jurisdiction which should be conferred on the Court. The Advisory Committee of Jurists, after careful consideration, pronounced itself in favor of compulsory jurisdiction in all cases of a "legal nature." The Council rejected this proposal. The Assembly reached the decision that, desirable as it would be to endow the Court with compulsory jurisdiction, such a step would be premature in view of the existing state of international relations.25 Mr. Balfour and M. Bourgeois argued that acceptance of compulsory jurisdiction by the various States was contingent on their confidence in the work of the Court; such confidence, in turn, could develop only as a result of experience.26 In spite of the protests of a number of Latin American States which favored the acceptance of unconditional compulsory jurisdiction, the Assembly gave its approval to Article 36 of the Statute, which provides only for optional acceptance of compulsory jurisdiction.

Article 36 falls into two parts, the first of which deals with what may be described as "voluntary jurisdiction," and the second with what may be regarded as "compulsory jurisdiction." The first paragraph provides that "the jurisdiction of the Court comprises all cases which the parties refer to it and all matters specially provided for in Treaties and Conventions in force." The procedure to be followed by the parties in submitting cases to the Court does not differ materially from that prescribed by arbitration treaties. The parties must conclude a special agreement (compromis) defining the subject-matter of the dispute, and notify the Court accordingly, before the machinery of judicial settlement can be set in motion.27 The juris-

<sup>21.</sup> Five, according to the amendment adopted on September 14, 1929.

<sup>22.</sup> For the year 1929, the League of Nations allotted 2,234,725 Swiss francs (approximately \$431,311.93) for the expenses of the Court.

<sup>23.</sup> The States mentioned in the Annex to the Covenant which do not belong to the League of Nations are Ecuador, Hedjaz and the United States of America.

<sup>24.</sup> Publications of the Court, Series D, No. 1, First Annual Report, p. 142. The States neither Members of the League of Nations nor mentioned in the Annex to the Covenant, which have been notified by the Court of the resolution of the Council, are as follows: Afghanistan, Danzig (through the mediation of Poland), Egypt, Georgia, Iceland, Liechtenstein, Mexico, Monaco, Russia, San Marino and Turkey.

<sup>25.</sup> Cf. remarks by M. Motta (Switzerland), League of Nations, Records of the First Assembly, Plenary Meetings, p. 490.

<sup>26.</sup> Ibid., p. 489, 495.

<sup>27.</sup> Notice of the special agreement must be given by all the parties, unless it is expressly laid down in one of the clauses of the special agreement that the Court may take cognizance of the case upon notice being given by one party only.

diction exercised by the Court over such cases is "voluntary" in the sense that the parties to the dispute are not bound by a previous agreement to refer their differences to the Court.

The "matters specially provided for in Treaties and Conventions in force" are those questions which, by the terms of international agreements concluded since 1919, are to be submitted to "judicial settlement" or referred specifically to the Permanent Court of International Justice.28 These agreements include the peace treaties: clauses in various treaties concerning the protection of minorities: mandates for various colonies and territories entrusted to certain Members of the League of Nations: general international agreements: political treaties (of alliance, commerce, navigation, etc.): various instruments and conventions concerning transit, navigable waterways and communications; treaties of arbitration and conciliation.29

# THE "OPTIONAL CLAUSE"

The second paragraph of Article 36, which is known as the "optional clause," makes the following provision:

"The Members of the League of Nations and the States mentioned in the Annex to the Covenant may, either when signing or ratifying the protocol to which the present Statute is adjoined, or at a later moment, declare that they recognize as compulsory ipso facto and without special agreement, in relation to any other Member or State accepting the same obligation, the jurisdiction of the Court in all or any of the classes of legal disputes concerning:

- (a) the interpretation of a treaty;
- (b) any question of international law;
- (c) the existence of any fact which, if established, would constitute a breach of an international obligation;
- (d) the nature or extent of the reparation to be made for the breach f an international obligation.

"The declaration referred to above may be made unconditionally or on condition of reciprocity on the part of several or certain Members or States, or for a certain time." <sup>30</sup> The effect of this clause is to confer "compulsory jurisdiction" on the Court under certain conditions, in certain cases and for a certain period of time. The jurisdiction exercised by the Court under the terms of this clause is "compulsory" in the sense that the States which have accepted the optional clause are bound to submit to the Court "legal disputes" concerning specified matters without concluding a previous agreement.

The Statute provides that, in the exercise of its jurisdiction, the Court is to apply: (1) international conventions, whether general or particular, establishing rules expressly recognized by the contesting States: (2) international custom, as evidence of a general practice accepted as law: (3) the general principles of law recognized by civilized nations; (4) judicial decisions and the teachings of the most highly qualified publicists of the various nations, as subsidiary means for the determination of rules of law. This provision, however, does not prejudice the power of the Court to decide a case ex aequo et bono, if the parties agree thereto.

## JUDGMENTS

Cases may be brought before the Court either by the notification of the special agreement (compromis), or by a written application addressed to the Registrar.<sup>31</sup> In either case the subject of the dispute and the contesting parties must be indicated. The decision of the Court has no binding force except between the parties in respect of that particular case.<sup>32</sup>

One case has been submitted to the Court under the terms of the optional clause—the case involving the denunciation of the Sino-Belgian treaty of November 2, 1865, in which proceedings were instituted by unliateral application filed by the Belgian Government on November 25, 1826.

31. The latter procedure has so far been followed only in one case: the Belgian Government instituted proceedings by unilateral application in its dispute with China regarding the latter's denunciation of the Sino-Belgian treaty of 1885.

32. The Court has rendered sixteen judgments to date, the texts of which are published in Series A of the Publications of the Court (Collection of Judgments). The judgments are as follows: No. 1, The S.S. Wimbledon; No. 2, The Mauromantis Concessions in Pulestine (jurisdiction); Nos. 3 and Interpretation of the Treaty of Neuilly, Art. 179, Annex, Par. 4, Interpretation of the Treaty of Neuilly, Art. 179, Annex, Par. 5, No. 5, The Maurommatis Concessions at Jerusalem (merits); No. 6, Certain German Interests in Upper Silestia (jurisdiction);

<sup>28.</sup> Cf. Publications of the Court, Series D, No. 5, Collection of Texts Governing the Jurisdiction of the Court, 3rd ed.

<sup>29.</sup> For detailed tables of these agreements, cf. Publications of the Court, Third Annual Report, p. 40, et seq., and Fourth Annual Report, p. 80, et seq.

<sup>30.</sup> By September 1, 1929, the following eighteen States had both signed and ratified the optional clause: Austria, Belgium, Bulgaria, Denmark, Estonia, Ethiopia, Finjand, Germany, Haiti, Hungary, Netherlands, Norway, Panama, Portugal, Spain, Sweden, Switzerland and Uruguay. Costa Rica and Salvador have signed the optional clause without any condition

as to ratification, but have not ratified the Protocol of Signature of the Statute. The Dominican Republic, Guatemala, Latvia, Liberia and Luxemburg have signed the clause, but have not yet ratified it. The period of time for which China and Lithuania signed the clause expired on May 13, 1927 and May 16, 1927, respectively. The following fifteen States signed the optional clause in September 1939: Czechoslovakia, France, Greece, Italy, Latvia, Nicaragua, Peru, Siam, the United Kingdom, Australia, Canada, India, New Zealand, the Union of South Africa and the Irish Free State.

One case has been submitted to the Court under the terms

Should a State consider that it has "an interest of a legal nature which may be affected by the decision in the case, it may submit a request to the Court to be permitted to intervene as a third party." The Court is at liberty to decide upon this request. Article 63 of the Statute provides:

"Whenever the construction of a convention to which States other than those concerned in the case are parties is in question, the Registrar shall notify all such States forthwith.

"Every State so notified has the right to intervene in the proceedings; but if it uses this right, the construction given by the judgment will be equally binding upon it."33

## THE "LOTUS" CASE

The Court's procedure for receiving and deciding an international dispute is well illustrated by the Lotus case. On August 2, 1926 the French steamer Lotus collided on the high seas with the Turkish steamer Boz-Kourt, which sank with a loss of eight Turkish lives. The Lotus then proceeded to Constantinople, where her watch officer and the captain of the Boz-Kourt were prosecuted under Turkish law for negligent navigation and sentenced to fine and imprisonment. Diplomatic protests by the French government resulted in a special agreement between the two governments, signed October 12, 1926, which submitted to the Court the question whether Turkey had acted in conflict with the principles of international law; and if so, what reparation the French watch officer should receive.

that Turkey had violated international law by instituting proceedings under Article 6 of the Turkish Penal Code providing for punishment of foreigners who, having committed certain offenses abroad against Turkey or a Turkish subject, are arrested in Turkey, and claimed that French courts alone

France contended, among other things, No. 7, Certain German Interests in Upper Silesia (merits); No. 7, Certain German Interests in Upper Silesia (merits);
No. 8, Claim for Indemnity in Respect of the Factory at Chorzow (furisdiction); No. 9, Case of the Lotus; No. 10, Case
of the Readaptation of the Maveromatis Jerusalem Conceseious; No. 11, Interpretation of Judgments No. 7 and 8 (Case
Relating to the Factory at Chorsow); No. 12, Case Relating
to Certain Rights of Minorities in Upper Silesia (Minority
Schools); No. 13, Case Concerning the Factory at Chorsow
(merits); No. 14, Case of Serbian Loans issued in France; 34. French text, donnera. No. 15, Case of Brazilian Loans Issued in France; and No. 16, Free Zones of Upper Savoy and District of Gez. Acts and documents relating to both judgments and advisory opinions are published in Series C of the Publications of the Court.

had criminal jurisdiction over the French watch officer. Turkey contended that Article 6 was in conformity with the principles of international law. On September 7, 1927, the Court rendered judgment that Turkey had not acted in conflict with the principles of international law. The Court consisted of twelve judges, whose votes were equally divided. Accordingly M. Huber, President of the Court, acting under Article 55 of the Statute, by a casting vote gave judgment in favor of Turkey. Judge John Bassett Moore concurred in the view that France did not have exclusive jurisdiction over the watch officer, but dissented from the judgment on the ground that the criminal proceedings, so far as they rested on Article 6 of the Turkish Penal Code, were in conflict with certain well-settled principles of international law. The Court stated that in considering the case it did not limit itself to the arguments of the parties, but "included in its researches all precedents, teachings and facts to which it had access and which might possibly have revealed the existence of one of the principles of international law contemplated in the special agreement." The opinions rendered in this case revealed a divergence between Anglo-American and continental views regarding the extent of State jurisdiction.

## ADVISORY OPINIONS

The Statute makes no specific provision regarding the competence of the Court to give advisory opinions. The original source of this competence is found in the last sentence of Article 14 of the Covenant, which provides that "the Court may give34 an advisory opinion upon any dispute or question referred to it by the Council or by the Assembly." A number of jurists are of the opinion that this provision has been incorporated by reference into the Statute of the Court. Article 1 of which states that the Court has been established "in accordance with Article 14 of the Covenant."35

<sup>33.</sup> Under the terms of this article the Polish government was permitted to intervene in the case of the S.S. Wimbledon. Publications of the Court, Series E, No. 1.

<sup>35.</sup> Cf. Judge Loder, Publications of the Court, Series D, No. 2, p. 502; M. O. Hudson, The Advisory Opinions of the Permanent Court of International Justice, International Conclination, 1925, No. 214. Article 36 of the Statute states, in addition, that the Jurisdiction of the Court extends to "all matters specially provided for in treaties and conventions in Torce"; these are understood to include the provisions of the Covenant.

The Court is not bound to give advisory opinions. In the case of Eastern Carelia the Court did, in fact, decline to render an opinion, after it had made a careful examination of the circumstances.36

The procedure governing advisory opinions is set forth in the Rules of Court (Articles 71-74). The Committee of Jurists in 1929 recommended the addition to the Statute of a new chapter incorporating the essential portions of these articles of the Rules of Court. This recommendation was adopted by the Conference of Signatory States on September 4, 1929.

Questions upon which the advisory opinion of the Court is desired are laid before the Court by means of a written request, signed either by the President of the Assembly or the President of the Council of the League of Nations, or by the Secretary-General of the League, under instructions from the Assembly or the Council.37

#### PROCEDURE

36. Cf. below.

The procedure to be followed by the Council in deciding to request the Court for an advisory opinion has been the subject of much controversy. Neither the Statute nor the Rules of Court make any provision in this matter. Article 5 of the Covenant provides that except on "matters of procedure," which include "the appointment of committees to investigate particular matters," the decisions at any meeting of the Assembly or of the Council shall require the agreement of all Members of the League represented at the meeting. Unless, therefore, requests for advisory opinions are regarded as "matters of procedure."38 it may be assumed that they require unanimity on the part of the Council. It is not clear, however, that if unanimity is required, it is to be absolute unanimity or the qualified unanimity specified in Article 15, Paragraph 6 of the Covenant, which would make it unnecessary to count the votes of representatives of the parties to a dispute. The Court gave some support to the latter interpretation when it expressed the following view in the Iraq case:

"The Court is of opinion,

"(1) that the 'decision to be taken' by the Council of the League of Nations in virtue of Article 3, paragraph 2 of the Treaty of Lausanne, will be binding on the Parties and will constitute a definitive determination of the frontier between Turkey and Iraq:

"(2) that the 'decision to be taken' must be taken by a unanimous vote, the representatives of the Parties taking part in the voting, but their votes not being counted in ascertaining whether there is unanimity."39

Upon receipt of the request for an advisory opinion, the Registrar shall forthwith give notice of it to the members of the Court. to the Members of the League of Nations (through the Secretary-General of the League), and to any States entitled to appear before the Court. In the case of Eastern Carelia the Court ruled that, when a dispute involves a State which is not a Member of the League (in this instance, Russia), the Court can render an opinion only with the consent of that State. Russia having declined to give its consent, the Court found it "impossible to give its opinion on a dispute of this kind."40

## NATIONALITY DECREES. TUNIS-MOROCCO

A brief examination of the advisory opinion rendered by the Court regarding the Tunis-Morocco nationality decrees may serve to illustrate the manner in which requests for advisory opinions may come before the Court, and the procedure followed by the Court in reaching its conclusions. August 11, 1922, at the request of the British government, the following question was

<sup>36.</sup> Cf. below.

37. The Court has rendered sixteen advisory opinions: Appointment of Dutch workers' delegate to the Third Labor Conference (Advisory Opinion No. 1); Competence of the International Labor Organization in regard to agriculture (Advisory Opinion No. 8); Analonality decrees in Tunis and Morocco (Advisory Opinion No. 6); Antionality decrees in Tunis in the Territory Ceded by Germany to Poland (Advisory Opinion No. 6); Acquisition of Polish Nationality (Advisory Opinion No. 7); Questions of Jaworzina and Saint-Naoum (Advisory Opinion No. 7); Questions of Jaworzina and Saint-Naoum (Advisory Opinion No. 7); Polish Postal Service at Danzig (Advisory Opinion No. 11); Frontier Between Turkey and Iraq (Advisory Opinion No. 11); Frontier Detween Turkey and Iraq (Advisory Opinion No. 13); Jurisdiction of the European Commission of the Danube between Galatz and Braila (Advisory Opinion No. 13); Jurisdiction of the Gurts of Danzig (Advisory Opinion No. 15); Interpretation of the Greco-Turkish Agreement of December 1, 1926 (Advisory Opinion No. 16); The terrotation of the Greco-Turkish Agreement of December 1, 1926 (Advisory Opinion No. 16); The texts of all advisory Opinion are published in Series B of the Publications of the Court (Collection of Advisory Opinions).

<sup>38.</sup> Cf. argument presented by M. Denichert (Switzerland) at the Conference of States Signatories of the Protocol, September 1926, when he said that an advisory opinion was a question of procedure, "because the opinion did not amount to a decision 39. Publications of the Court, Series B, Advisory Opinion No. 12, p. 33.

<sup>40.</sup> Ibid., Advisory Opinion No. 5, p. 27-28.

placed on the agenda of the Council of the League of Nations:

"Dispute between France and Great Britain as to the Nationality Decrees issued in Tunis and Morocco (French zone) on November 8, 1921, and their application to British subjects, the French government having refused to submit the legal questions involved to arbitration."

On October 4, 1922 the Council, having examined the proposals made by the representatives of France and Great Britain. adopted a resolution referring to the Court for its opinion "the question whether the dispute referred to above is or is not by international law solely a matter of domestic jurisdiction (Article 15, paragraph 8, of the Covenant)." The Council noted that the two governments had agreed that, if the opinion of the Court on the above question was that it was not solely a matter of domestic jurisdiction, the whole dispute would be referred to arbitration or to judicial settlement under conditions to be agreed upon by the governments. In execution of this resolution, the Secretary-General of the League presented the request of the Council to the Court, submitting at the same time a copy of the memorandum by which the matter was originally brought before the Council.

In compliance with the terms of the resolution, the President of the Court communicated with the British and French governments, which submitted cases and counter-cases. In January 1923 oral statements were made to the Court by jurists representing the two governments. Court, in the course of the hearings, examined the nationality decrees which formed the subject of the dispute; the diplomatic correspondence which had been exchanged with regard to them; and the agreements into which the two States had entered at various times concerning the status of Tunis and Morocco. The Court expressed the opinion that in the present state of international law questions of nationality are generally domestic questions, but that this is not so where, as in the present case, such questions are regulated by an international agreement. The Court therefore answered the Council's question in the negative. Great

Britain and France subsequently effected an amicable adjustment of the dispute.

## RECORD OF THE COURT

The essential problem with which the Court was faced from the first concerned the duality of its functions as outlined in Article 14 of the Covenant. Should it act both as a judicial tribunal, rendering public judgments, and as a non-judicial adviser, giving private opinions to political bodies such as the Council and Assembly?

The Court has never undertaken to give confidential legal advice to the Council or the Assembly, nor, under its rules, is it in a position to do so. For such advice the Council has addressed itself to special committees of jurists, set up from time to time.41 In practice, the Court has assimilated its advisory procedure to its contentious procedure. The flexibility of the advisory procedure and the fact that advisory opinions are not binding on the parties to a dispute have enabled States "to ask for the submission of their differences to the Court in the form of a request for an advisory opinion" when they were "for various reasons unwilling to submit it in the form of international litigation."42 The Committee of Jurists expressed itself in favor of retaining the system of advisory opinions, on the ground that "the system of asking the Court for an advisory opinion has proved to be of substantial utility in securing a solution of the questions which could not conveniently be submitted to the Court in any other form."43

It may be seen from the preceding analysis that the Permanent Court of International Justice is a judicial body established by the States signatories of the Protocol of 1920. The jurisdiction of the Court, limited at present by the provisions of Article 36, has been gradually widened: a majority of the treaties and conventions concluded since 1919 provide for reference of disputed points to the Court, and forty-two States have accepted the optional clause on various conditions and for various

<sup>41.</sup> Cf. remarks of M. Scialoja, Minutes of the Committee of Jurists, p. 12; P. C. Jessup, The United States and the World Court, World Peace Foundation, p. 29.

<sup>42.</sup> Report Adopted by the Committee of Jurists on the Question of the Accession of the United States of America to the Protocol of Signature of the Statute of the Court, Minutes of the Committee of Jurists, 1929, Annex II, p. 130.

<sup>43.</sup> Ibid.

periods of time. The Court has followed a judicial procedure with respect both to judgments and advisory opinions, and has at no time acted as counsel to any one of the organs of the League. The advantages offered by the Court as compared with arbitral tribunals have been summarized by Mr. Hughes as follows:

"The choice is plainly between arbitrators selected for a particular case or a permanent international court.... "So far as the particular controversy is concerned, it may be decided by either sort of tribunal, but a permanent court is needed from the standpoint of law and in the interests of nations contemplating an unbroken peace under the reign of law....

"I believe that a bench of judges, chosen by the nations on behalf of their repute as jurists, set aside for continuous judicial work, at an age when ambition as well as conscience prompts to the best work of which they are capable, will be far more satisfactory in the long run than the choice of arbitrators from time to time."44

### THE UNITED STATES AND THE COURT

For over half a century the United States has advocated the establishment in some form of a Permanent Court of International Justice. Nevertheless, this country has failed as yet to ratify the Protocol of 1920. This fact has not precluded the participation of a number of American jurists in the work of the Court. Mr. David Hunter Miller took an active part in the drafting of Article 14 of the Covenant, Mr. Elihu Root, former Secretary of State of the United States, participated in the work of the Advisory Committee of Jurists, and largely contributed to the successful completion of its labors. Mr. John Bassett Moore was elected a member of the Court in 1922 and was succeeded upon his resignation in 1928 by Mr. Charles Evans Hughes. Finally, Mr. Root took part in March 1929 in the work of the Committee of Jurists constituted to study proposed amendments to the Statute of the Court.

The United States, as one of the States mentioned in the Annex to the Covenant, received from the Secretary-General of the League of Nations a certified copy of the Protocol of 1920. The Secretary of State of the United States acknowledged receipt of this instrument on August 15, 1921. On February 24, 1923 President Harding submitted the Protocol and the accompanying Statute of the Court to the Senate, with a request for its consent to American adherence, subject to four "conditions and understandings" set forth in an attached letter from Secretary of State Hughes, dated February 17, 1923.45 President Coolidge, in

his address of December 6, 1923, commended Mr. Harding's proposal to the Senate. On May 26, 1924 Senator Pepper presented a report from the Committee on Foreign Relations endorsing this proposal, but suggesting radical amendments to the The minority of the Committee submitted a report embodying a resolution introduced by Senator Swanson, which followed the main lines of the Harding-Hughes proposal. The platforms of both the Republican and Democratic parties endorsed the Court in 1924. On December 3, 1924 President Coolidge again drew the attention of the Senate to the Harding-Hughes proposal, stating, however, that "our country shall not be bound by advisory opinions which may be rendered by the court upon questions which we have not voluntarily submitted for its judgment."

In his inaugural address on March 4, 1925 President Coolidge advocated adherence to the Court, adding that "we ought not to withhold our own sanction because of any small and inessential difference." On March 5 Senator Swanson reintroduced his resolution at the special session of the Senate, with an addition incorporating President Coolidge's suggestion in the following terms:

"5. That the United States shall be in no manner bound by any advisory opinion of the Permanent Court of International Justice not rendered pursuant to a request in which it, the United States, shall expressly join in accordance with the statute for the said court adjoined to the protocol of signature of the same to which the United States shall become signatory."

On March 13 the Senate voted to consider the Swanson resolution in open executive session on December 17.

<sup>44.</sup> Address before the American Society of International Law, April 24, 1929. Proceedings, 1929, p. 1.

<sup>45.</sup> American Journal of International Law, Vol. 17, October 1923. p. 331-343.

On December 8, 1925 President Coolidge again endorsed the Court in his annual message, and on December 17 Senator Swanson opened debate on the subject, which continued until January 25, 1926, when the cloture rule was put in effect by a two-thirds vote.

## SENATE RESERVATIONS OF 1926

During the debate emphasis was placed on the position of the United States with regard to advisory opinions. Opposition to the advisory function of the Court was voiced by Senators Borah, Moses and others. Senator Pepper suggested the adoption of reservations or amendments on three specific points-viz.: that advisory opinions should be rendered publicly; that the principle established by the Court in the Eastern Carelia case should be safeguarded by a reservation; and that no opinion in any matter "directly affecting the United States" should be rendered by the Court without the consent of the United States. On January 27, 1926 the Senate adopted the following resolution:46

"Whereas the President, under date of February 24, 1923, transmitted a message to the Senate, accompanied by a letter from the Secretary of State, dated February 17, 1923, asking the favorable advice and consent of the Senate to the adherence on the part of the United States to the Protocol of December 16, 1920, of signature of the statute for the Permanent Court of International Justice, set out in the said message of the President (without accepting or agreeing to the optional clause for compulsory jurisdiction contained therein), upon the conditions and understandings hereafter stated, to be made a part of the instrument of adherence: Therefore be it

"Resolved (two-thirds of the Senators present concurring), That the Senate advise and consent to the adherence on the part of the United States to the said protocol of December 16, 1920, and the adjoined statute for the Permanent Court of International Justice (without accepting or agreeing to the optional clause for compulsory jurisdiction contained in said statute), and that the signature of the United States be affixed to the said protocol, subject to the following reservations and understandings, which are hereby made a part and condition of this resolution, namely:

"1. That such adherence shall not be taken to involve any legal relation on the part of the United States to the League of Nations or the assumption of any obligations by the United States under the Treaty of Versailles.

"2. That the United States shall be permitted to participate through representatives designated for the purpose and upon an equality with the other states, members, respectively, of the Council and Assembly of the League of Nations, in any and all proceedings of either the Council or the Assembly for the election of judges or deputy-judges of the Permanent Court of International Justice or for the filling of vacancies.

"3. That the United States will pay a fair share of the expenses of the court as determined and appropriated from time to time by the Congress of the United States.

"4. That the United States may at any time withdraw its adherence to the said protocol and that the statute for the Permanent Court of International Justice adjoined to the protocol shall not be amended without the consent of the United States.

"5. That the court shall not render any advisory opinion except publicly after due notice to all States adhering to the court and to all interested States and after public hearing or opportunity for hearing given to any State concerned; nor shall it, without the consent of the United States, entertain any request for an advisory opinion touching any dispute or question in which the United States has or claims an interest.

"The signature of the United States to the said protocol shall not be affixed until the powers signatory to such protocol shall have indicated, through an exchange of notes, their acceptance of the foregoing reservations and understandings as a part and a condition of adherence by the United States to the said protocol.

"Resolved further, As a part of this act of ratification, that the United States approve the protocol and statute hereinabove mentioned, with the understanding that recourse to the Permanent Court of International Justice for the settlement of differences between the United States and any other State or States can be had only by agreement thereto through general or special treaties concluded between the parties in dispute; and

"Resolved further, That adherence to the said protocol and statute hereby approved shall not be so construed as to require the United States to depart from its traditional policy of not intruding upon, interfering with, or entangling itself in the political questions of policy or internal administration of any foreign State; nor shall adherence to the said protocol and statute be construed to imply a relinquishment by the United States of its traditional attitude toward purely American questions,"

On March 2, 1926 Secretary of State Kellogg forwarded a copy of the Senate resolution to the Secretary-General of the League of Nations and to all States signa-

<sup>46.</sup> Congressional Record, Vol. 67, p. 2306; Senate Document 45, 69th Congress, 1st Session.

tories of the Protocol, requesting the latter to inform him in writing "whether they will accept the conditions, reservations and understandings contained" therein. meeting of the Council held in March 1926, Sir Austen Chamberlain, British representative, stressed the fact that the United States desired to make certain modifications in a multilateral instrument, and that consequently a new agreement was necessary. As a result of the discussion, the Council adopted a resolution proposing to the governments of the signatory States and to the United States that they should send delegates to a conference whose duty it would be to solve the problems raised by the reservations of the United States. Invitations to this effect were sent on March 29.47 On April 17 Secretary Kellogg declined for the United States on the ground that the Senate reservations "are plain and unequivocal, and according to their terms, they must be accepted by the exchange of notes between the United States and each one of the forty-eight States signatory to the Statute before the United States can become a party and sign the Protocol." He was of the opinion that no new agreement was necessary, but that acceptance of the American reservations by the signatories would constitute such an agreement. The United States had no objection, however, to the signatories' conferring among themselves if they so wished.48

## CONFERENCE OF SIGNATORY STATES, 1926

The conference of States signatories of the Protocol met in Geneva on September 1, 1926.49 The President, Jonkheer van Eysinga, stated that, desirous as the conference might be to give satisfaction to the wishes of the United States, "it could not lose sight of the fact that the constitutional law of the League of Nations also had its exigencies"; it was the task of the conference "to endeavor to reconcile the wishes of the United States with that constitutional law."

# FIFTH RESERVATION OF THE SENATE

The first four reservations of the United States were accepted by the conference without discussion. The Final Act of the conference specified with respect to the first part of the fourth reservation, that, "in order to assure equality of treatment, it seems natural that the signatory States acting together and by not less than a majority of two-thirds, should possess the corresponding right to withdraw their acceptance of the special conditions attached by the United States to its adherence" to the Protocol.

The first part of the fifth reservation aroused no discussion. The conference agreed that Articles 73-74 of the Rules of Court, as amended on July 31, 1926, "satisfy the desiderata named by the United States." Likewise it was agreed that the case of Eastern Carelia, in which the Court had held that no advisory opinion dealing with the substance of a dispute between a State Member of the League and a non-Member State could be given without the consent of the latter, adequately covered "any dispute or question in which the United States has . . . an interest."

The conference was not clear, however, as to the meaning and scope of the reservation that the Court should not, without the consent of the United States, entertain any request for an advisory opinion touching any dispute or question in which the United States "claims an interest." The conference assumed, for the purposes of the discussion, that the United States did not desire a privileged position, but only equality of treatment with States Members of the Council (or Assembly). The conference could not agree on the essential question whether unanimity is required in the Council (or Assembly) when requesting the Court for an advisory opinion, or whether a majority is sufficient. 50 If unanimity is required, every State represented on the Council (or in the Assembly) is in a position to exercise a veto, and the United States would be entitled to a similar position. If, however, a majority is sufficient, the United States,

<sup>47.</sup> Minutes of the Conference of States Signatories of the Protocol of Signature of the Statute of the Permanent Court of International Justice, September 1-23, 1926. V. Legal, 1926. V. 26, Annex 5, p. 70.

<sup>48.</sup> Ibid., Annex 6, p. 71.

<sup>49.</sup> The conclusions of the Conference were embodied in a Final Act and a Preliminary Draft of a Protocol.

<sup>50.</sup> M. Rolin suggested that the conference should recommend to the Council that "the question should be cleared up by asking the Permanent Court for an advisory opinion." This suggestion, however, was not adopted.

under the terms of the fifth reservation. would be seeking a position more favorable than that enjoyed by other States. Final Act of the conference stressed the uncertainty which still prevails regarding the procedure of the Council when requesting advisory opinions, but added that "in any event the United States should be guaranteed a position of equality in this respect." The Final Act noted the great importance attached by Members of the League to the value of advisory opinions, and expressed the hope that the United States "entertains no desire to diminish the value of such opinions in connection with the functioning of the League of Nations."

The conference found it difficult to determine the scope of the word "interest." The wording of the fifth reservation appeared to leave the determination of the claim of "interest" solely to the United States. What procedure should be followed to ascertain the views of the United States? Should the United States address itself to the Court or to the Council? If the latter, should it do so before or after the Council had decided to request the Court for an advisory opinion? The conference reached no agreement on this point. The Final Act stated that the procedure to be followed by a non-Member State with respect to requests for advisory opinions was a matter of importance, and that it was desirable in consequence that it should form the object of a supplementary agreement. The Preliminary Draft of a Protocol provided that this matter would be the subject of "an understanding to be reached by the Government of the United States and the Council of the League of Nations."

## DRAFT PROTOCOL OF 1926

The conference recommended that all States signatories of the Protocol of 1920 should adopt the Preliminary Draft of a Protocol in replying to the proposal made by the United States. Twenty-four of the States adopted the recommendations of the conference, and communicated with the government of the United States in the manner suggested.<sup>51</sup>

For two and a half years the United States took no official action, either affirmatively or negatively, with regard to the Preliminary Draft of a Protocol. On February 19, 1929, Secretary Kellogg addressed a letter to the Secretary-General of the League.52 in which he said that "the government of the United States desires to avoid in so far as may be possible any proposal which would interfere with or embarrass the work of the Council of the League of Nations, doubtless often perplexing and difficult," and that "it would be glad if it could dispose of the subject by a simple acceptance of the suggestions embodied in the Final Act and Draft Protocol adopted at Geneva on September 23, 1926. There are, however, some elements of uncertainty in the bases of these suggestions which seem to require further discussion." He referred particularly to the fact that the powers of the Council and its modes of procedure depend upon the Covenant of the League, which may be amended at any time. The ruling of the Court in the Eastern Carelia case and the Rules of Court are likewise subject to change at any time. He suggested an informal exchange of views for the purpose of reaching an agreement on these points:

"Possibly the interest of the United States thus attempted to be safeguarded may be fully protected in some other way or by some other formula. The Government of the United States feels that such an informal exchange of views as is contemplated by the twenty-four Governments should, as herein suggested, lead to an agreement upon some provision which in unobjectionable form would protect the rights and interests of the United States as an adherent to the Court Statute, and this expectation is strongly supported by the fact that there seems to be but little difference regarding the substance of these rights and interests."

President Hoover, in his inaugural address on March 4, 1929, endorsed the Court in the following terms:

"American statesmen were among the first to propose and they have constantly urged upon the

<sup>51.</sup> These States were Australia, Belgium, Czechoslovakia, Denmark, Estonia, France, Great Britain, Hungary, India, Irish Free State, Italy, Japan, Jugoslavia, Netherlands, New Zea-

land, Norway, Poland, Portugal, Rumania, Siam, South Africa, Spain, Sweden and Switzerland. The following five States accepted the proposals of the United States without condition: Albania, Cuba, Greece, Liberia and Luxemburg, Brazil, the Dominican Republic and Uruguay have indicated that they would accept but have not formally notified the United States of their acceptance. Fifteen States simply acknowledged receipt of Secretary Kellogg's note of February 12, 1926.

<sup>52.</sup> League of Nations, Committee of Jurists on the Statute of the Permanent Court of International Justice, Minutes of the Sessions held at Geneva, March 11-19, 1939, Annex 2, p. 96.

world, the establishment of a tribunal for the settlement of controversies of a justiciable character. The Permanent Court of International Justice in its major purpose is thus peculiarly identified with American ideals and with American statesmanship. No more potent instrumentality for this purpose has been conceived and no other is practicable of establishment.

"The reservations placed upon our adherence should not be misinterpreted. The United States seeks by these reservations no special privilege or advantage, but only to clarify our relation to advisory opinions and other matters which are subsidiary to the major purposes of the Court. The way should, and I believe will, be found by which we may take our proper place in a movement so fundamental to the progress of peace."

# RE-WRITING THE PROTOCOL

At the suggestion of Sir Austen Chamberlain the Council, on March 9, 1929, decided to request the Committee of Jurists, which had been appointed on December 14, 1928 to study the question of eventual amendment of the Statute of the Court, to examine at the same time the question of the accession of the United States to the Court. Sir Austen Chamberlain regarded it as a most fortunate circumstance "that among the gentlemen who had accepted the invitation of the Council to serve on that Committee was the very eminent jurist and statesman. Mr. Elihu Root, than whom no one could be more competent to assist the Committee in its task, since he was himself one of the framers of the Statutes of the Court." The Council requested the Secretary-General of the League to send minutes of this discussion to the government of the United States through the American Legation at Berne. 53

The Committee of Jurists met in Geneva on March 11, 1929, with M. Scialoja as chairman.<sup>54</sup> The committee had before it the official letter addressed by Secretary Kellogg to the Secretary-General of the League, and a draft project submitted to the committee by Mr. Root. The draft project contained suggestions which Mr. Root "was submitting in his own name, as to the way in which it might perhaps be possible to bring the provisions of the Final Act of

the Conference of September 1926... and adopted by the majority of States signatories of the Protocol of the Court, into line with the reservations made by the United States Senate... in regard to the accession of the United States to the Protocol of the Court."

Mr. Root's proposal, which is known as the "Root formula,"<sup>55</sup> attempted to deal with the problem of advisory opinions in a concrete form, and to avoid theoretical discussion of the constitutional organization of the League. It provided, in the first place, for a definite statement of the principle expressed by the Court in the case of Eastern Carelia.

"The Court shall not, without the consent of the United States, render an advisory opinion touching any dispute to which the United States is a party."

In the second place, it outlined the procedure to be adopted with regard to advisory opinions concerning disputes or questions in which the United States claimed to have an "interest."

# THE "ROOT FORMULA"

Mr. Root's formula embodied the substance of the second part of the fifth reservation:

"... the Court shall not, without the consent of the United States, render an advisory opinion touching any dispute to which the United States is not a party but in which it claims an interest or touching any questions other than a dispute in which the United States claims an interest."

The procedure devised by Mr. Root contemplated two stages in the process of requesting the Court for an advisory opinion—the preliminary discussion of a request in the Council or Assembly, and the receipt of a request by the Court. In the first eventuality, the Council or Assembly, should either of them find it desirable, may invite an exchange of views with the United States and such exchange of views is then to proceed "with all convenient speed." In the second eventuality, the Registrar of the Court shall notify the United States, among other States mentioned in Article 73 of the Rules of Court,

"... stating a reasonable time-limit fixed by the President within which a written statement

<sup>53.</sup> League of Nations, Official Journal, Minutes of the Fifty-Fourth Session of the Council, Geneva, March 4-9, 1929, p. 554-565.

<sup>54.</sup> The conclusions of the committee were embodied in a Draft Protocol for the Accession of the United States.

<sup>55.</sup> League of Nations, Minutes of the Committee of Jurists, 1929, cited.

by the United States concerning the request will be received.

"In case the United States shall, within the time fixed, advise the Court in writing that the request touches a dispute or question in which the United States has an interest and that the United States has not consented to the submission of the question, thereupon all proceedings upon the question shall be stayed to admit of an exchange of views between the United States and proponents of the request, and such exchange of views shall proceed with all convenient speed."

The Root formula provided for the contingency that, after an exchange of views had taken place, either while a request was still under discussion or after it had been submitted to the Court, it might appear that no agreement could be reached as to whether the question affected an interest of the United States. If, under these circumstances. the submission of the request was still insisted upon "after attributing to the objections of the United States the same force and effect as attaches to a vote against asking for the opinion given by a Member of the League of Nations either in the Assembly or in the Council," and if the United States was not prepared to forego its objection in that particular instance.

"...it shall be deemed that, owing to a material difference of view regarding the proper scope of the practice of requesting advisory opinions, the arrangement now agreed upon is not yielding satisfactory results and that the exercise of the powers of withdrawal... will follow naturally without any imputation of unfriendliness or of unwillingness to co-operate generally for peace and goodwill."

The Root formula succeeded in overcoming the three difficulties which had appeared insuperable at the conference of 1926. It carefully avoided any discussion of the general and abstract question whether the Council must vote unanimously when requesting the Court for an advisory opinion, or only by a majority. It practically eliminated the necessity of reaching a decision on this point by providing that the United States might exercise the power of withdrawal in case of failure to agree as to whether a given question does touch an interest of the United States. Finally, and most important of all, it outlined the manner in which an exchange of views might take place between the United States, on the one hand, and the Council or Court on the other.

The discussion of the Root formula by the Committee of Jurists revealed no fundamental difference of opinion. M. Scialoja took occasion to point out that it would be to the interest of the Council to retain the United States on the Court; the United States, he thought, might consequently, by the possibility of withdrawal, "exercise what would, in practice, be a kind of moral pressure on the Council." He feared, moreover, that other States which had not yet adhered to the Court, for instance Russia, might claim privileges similar to those accorded to the United States.

## DRAFT PROTOCOL OF 1929

Sir Cecil Hurst, who had also submitted proposals for redrafting Article 4 of the Protocol of 1926, suggested modification of the procedure elaborated by the Root formula, with a view to notifying the United States of proposals for obtaining an advisory opinion from the Court at the time of their introduction, rather than "in contemplation of a request for an advisory opinion." This suggestion was adopted by the Committee of Jurists, 56 and embodied in Article 5, Paragraph 1 of the Draft Protocol: 57

"With a view to ensuring that the Court shall not, without the consent of the United States, entertain any request for an advisory opinion touching any dispute or question in which the United States has or claims an interest, the Secretary-General of the League of Nations shall. through any channel designated for that purpose by the United States, inform the United States of any proposal before the Council or the Assembly of the League for obtaining an advisory opinion from the Court, and thereupon, if desired, an exchange of views as to whether an interest of the United States is affected shall proceed with all convenient speed between the Council or Assembly of the League and he United States."

The Committee of Jurists reached the conclusion "that it was useless to attempt to allay the apprehensions on either side... by the elaboration of any system of paper guarantees or abstract formulae." It viewed as more hopeful the system of dealing with

<sup>55.</sup> Report Adopted by the Committee of Jurists on the Question of the Accession of the United States of America to the Protocol of Signature of the Statute of the Court (Rapporteur, Sir Cecil Hurst), Minutes of the Committee of Jurists, 1329, cled, Annex 11, p. 130.

<sup>57.</sup> The Draft Protocol is published as an Appendix to the Minutes of the Committee of Jurists, p. 132. Cf. Appendix, p. 409.

each problem in a concrete form, and providing some method "by which questions as they arise may be examined and views exchanged, and a conclusion reached after each side has made itself acquainted with the difficulties and responsibilities which beset the other."

Following the report of the work of the Committee of Jurists, presented by M. Scialoja on June 11, 1929, the Council on June 12 adopted the report of the committee and the Draft Protocol. It instructed the Secretary-General of the League to reply to Secretary Kellogg's note of February 19, 1929, to communicate the texts of the report of the Committee of Jurists and of the Draft Protocol to the government of the United States, and to make a similar communication to the States signatories of the Protocol of December 16, 1920. The Council, moreover, instructed the Secretary-General to transmit these documents to the Assembly and to place the question on the supplementary agenda of the tenth session of the Assembly, to be held at Geneva in September 1929.58 At the suggestion of M. Scialoia. the Council adopted a resolution to convoke a conference of States parties to the Statute to meet at Geneva on September 4, 1929, with a view to examining the amendments to the Statute and the recommendations formulated by the Committee of Jurists.

## CONFERENCE OF SIGNATORY STATES, 1929

On August 31 the Council adopted a resolution inviting the Conference of Signatory States to examine the subject of the accession of the United States to the Court, as well as the proposed amendments to the Statute. The First Committee of the Assembly considered this resolution on September 3, and expressed the opinion that the question of accession of the United States should be examined by the Conference of Signatory States prior to its discussion in the Assembly. The conference met on September 4, and at its second meeting on that day unanimously adopted the Draft Protocol for the Accession of the United States. At the first meeting the delegates had been informed by the Secretary-General

of the League that the Draft Protocol was considered satisfactory by the United States. but that no official announcement could be made at that time. The Department of State confirmed this report on the same day. stating that on August 14 the American Minister to Switzerland had presented an aide-mémoire to the Secretary-General of This document stated that, the League. after careful examination, the Secretary of State considered that the Draft Protocol "would effectively meet the objections represented in the reservations of the United States Senate, and would constitute a satisfactory basis for the adherence of the United States to the Protocol and Statute of the Permanent Court of International Justice": after the Draft Protocol had been accepted by the signatory States, the Secretary of State would "request the President of the United States for the requisite authority to sign" and would "recommend that it be submitted to the Senate for its consent to ratification."

The First Committee of the Assembly on September 13 unanimously adopted the Draft Protocol, which was approved by the Assembly on September 14, and signed without delay by forty-nine States.<sup>59</sup> The Protocol is to come into force as soon as all States which have ratified the Protocol of December 16, 1920, and also the United States, have deposited their ratifications.

The President of the Conference of Signatory States, in a letter addressed to the Assembly of the League of Nations, pointed out that three instruments relating to the Court would be presented for acceptance to the United States: (1) the Draft Protocol for the Accession of the United States; (2) the Protocol of Signature of 1920; and (3) the new Protocol of Revision of the Statute. He expressed the hope that "the United States will in due course sign and ratify all three above-mentioned instruments." The Protocol concerning the amendment of the Statute provides that it will enter into force on September 1, 1930, provided that the

<sup>58.</sup> League of Nations, Question of the Revision of the Statute of the Permanent Court of International Justice, A. 11, 1929. V., p. 5.

<sup>59.</sup> Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Canada, Chile, China, Colombia, Cuba, Czechoslovakia, Denmark, Dominican Republic, Estonia, Finland, France, Germany, Great Britain, Greece, Guatemala, Haiti, Hungary, India, Irish Free State, Italy, Japan, Jugoslavia, Latvia, Liberia, Luxemburg, Netherlands, New Zealand, Nicarsgua, Norway, Panama, Paraguay, Peru, Poland, Portugal, Rumania, Salvador, Siam, South Africa, Spain, Sweden, Switzerland, Uruguay and Venezuela.

Council of the League of Nations has satisfied itself that those Members of the League of Nations and States mentioned in the Annex to the Covenant which have ratified the Protocol of December 16, 1920, and whose ratification of the present Protocol has not been received by that date, "have no objection to the coming into force of the amendments to the Statute of the Court which are annexed to the present Protocol." For the purpose of this Protocol, the United States is to be in the same position as a State which has ratified the Protocol of December 16, 1920.60

# SIGNATURE BY THE UNITED STATES

On November 18, 1929 Secretary of State Stimson addressed a letter to President Hoover, in which he summarized the considerations involved in the question of the adherence of the United States to the Protocol of 1920. He expressed the opinion that both the Draft Protocol of Accession and the Protocol for the Revision of the Statute fully safeguarded the interests of the United States, and met the objections of

the Senate to the rendering of advisory opinions by the Court. He stressed the fact that, as a result of the conclusion of the Kellogg pact, "the need of developing judicial means instead of war to settle the inevitable controversies between nations" had become more pressing and that it was more important than ever before "to establish and clarify the standards and rules of international conduct by which such controversies can be prevented or minimized." The Permanent Court of International Justice would. he believed, "perforce take a vital part" in the development of international law. "In this work, protected as they are now protected, advisory opinions rendered on questions before they have ripened into bitter quarrels and wounded pride, can play a most useful part." In conclusion, he advised the President that, in his opinion, the United States could now safely adhere to the Permanent Court of International Justice. On November 26, 1929 President Hoover authorized Mr. Stimson to make the necessarv arrangements for the signature on behalf of the United States of the three protocols submitted by the Secretary-General of the League of Nations.

## CONCLUSION

It now remains for the President to present the three protocols to the Senate for ratification. The President, however, appears to favor postponement of action on the Court until after the London Naval Conference, presumably because of his reluctance to antagonize such opponents of the Court as Senators Borah and Moses. Further delay in the matter of the Court is opposed in many quarters, on the ground that

no time could be more propitious than the present, when public opinion has again been aroused on the subject. It is claimed, more-ever, that the ratification of the protocols would give practical evidence of the avowed desire of the United States for world peace, and, by assuring other States of this country's real interest in the further development of peace machinery, would facilitate acceptance by them of the American program of naval disarmament.

<sup>60.</sup> By December 15, 1929, the Protocol of Revision of the Statute had been signed by the following forty-nine States: Australia, Austria, Beigium, Bollvia, Brazil, Buigaria, Canada, Chile, China, Colombia, Czechoslovakia, Denmark, Dominican Republic, Estonia, Finland, France, Germany, Great Britain,

Greece, Guatemala, Haiti, Hungary, India, Irish Free State, Jugoslavia, Latvia, Liberla, Luxemburg, Netherlands, New Zealand, Nicaragua, Norway, Panama, Paraguay, Persia, Peru, Poland, Portugal, Rumania, Salvador, Siam, South Africa (Union of), Spain, Sweden, Switzerland, United States of America, Uruguay and Venezuela.

# APPENDIX I Draft Protocol for the Accession of the United States

Adopted by the Committee of Jurists, March 19, 1929.

The States signatories of the Protocol of Signature of the Permanent Court of International Justice, dated December 16th, 1920, and the United States of America, through the undersigned duly authorized representatives, have mutually agreed upon the following provisions regarding the adherence of the United States of America to the said Protocol, subject to the five reservations formulated by the United States in the resolution adopted by the Senate on January 27th, 1926.

#### ARTICLE 1

The States signatories of the said Protocol accept the special conditions attached by the United States in the five reservations mentioned above to its adherence to the said Protocol upon the terms and conditions set out in the following Articles.

#### ARTICLE 2

The United States shall be admitted to participate, through representatives designated for the purpose and upon an equality with the signatory States Members of the League of Nations represented in the Council or in the Assembly, in any and all proceedings of either the Council or the Assembly for the election of judges or deputy-judges of the Permanent Court of International Justice, provided for in the Statute of the Court. The vote of the United States shall be counted in determining the absolute majority of votes required by the Statute.

#### ARTICLE 3

No amendment of the Statute of the Court may be made without the consent of all the Contracting States,

#### ARTICLE 4

The Court shall render advisory opinions in public session after notice and opportunity for hearing substantially as provided in the now existing Articles 73 and 74 of the Rules of Court.

#### ARTICLE 5

With a view to ensuring that the Court shall not, without the consent of the United States, entertain any request for an advisory opinion touching any dispute or question in which the United States has or claims an interest, the Secretary-General of the League of Nations shall, through any channel designated for that purpose by the United States, inform the United States of any proposal before the Council or the Assembly of the League for obtaining an advisory opinion from the Court, and thereupon, if desired, an exchange of views as

to whether an interest of the United States is affected shall proceed with all convenient speed between the Council or Assembly of the League and the United States.

Whenever a request for an advisory opinion comes to the Court, the Registrar shall notify the United States thereof, among other States mentioned in the now existing Article 73 of the Rules of Court, stating a reasonable time-limit fixed by the President within which a written statement by the United States concerning the request will be received. If for any reason no sufficient opportunity for an exchange of views upon such request should have been afforded and the United States advises the Court that the question upon which the opinion of the Court is asked is one that affects the interests of the United States, proceedings shall be staved for a period sufficient to enable such an exchange of views between the Council or the Assembly and the United States to take place.

With regard to requesting an advisory opinion of the Court in any case covered by the preceding paragraphs, there shall be attributed to an objection of the United States the same force and effect as attaches to a vote against asking for the opinion given by a Member of the League of Nations in the Council or in the Assembly.

If, after the exchange of views provided for in paragraphs 1 and 2 of this Article, it shall appear that no agreement can be reached and the United States is not prepared to forego its objection, the exercise of the powers of withdrawal provided for in Article 8 hereof will follow naturally without any imputation of unfriendliness or unwillingness to co-operate generally for peace and goodwill.

#### ARTICLE 6

Subject to the provisions of Article 8 below, the provisions of the present Protocol shall have the same force and effect as the provisions of the Statute of the Court and any future signature of the Protocol of December 16th, 1920, shall be deemed to be an acceptance of the provisions of the present Protocol.

#### ARTICLE 7

The present Protocol shall be ratified. Each State shall forward the instrument of ratification to the Secretary-General of the League of Nations, who shall inform all the other signatory States. The instruments of ratification shall be deposited in the archives of the Secretariat of the League of Nations.

The present Protocol shall come into force as soon as all States which have ratified the Protocol of December 16th, 1920, and also the United States, have deposited their ratifications.

#### ARTICLE 8

The United States may at any time notify the Secretary-General of the League of Nations that it withdraws its adherence to the Protocol of December 16th, 1920. The Secretary-General shall immediately communicate this notification to all the other States signatories of the Protocol.

In such case, the present Protocol shall cease to be in force as from the receipt by the Secretary-General of the notification by the United States.

On their part, each of the other Contracting States may at any time notify the Secretary-General of the League of Nations that it desires to withdraw its acceptance of the special conditions attached by the United States to its adherence to the Protocol of December 16th, 1920. The Secretary-General shall immediately give communication of this notification to each of the States signatories of the present Protocol. The present Protocol shall be considered as ceasing to be in force if and when, within one year from the date of receipt of the said notification, not less than two-thirds of the Contracting States other than the United States shall have notified the Secretary-General of the League of Nations that they desire to withdraw the above-mentioned acceptance.

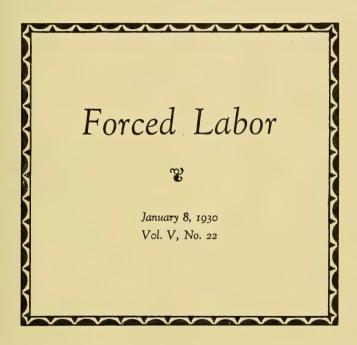
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# FORCED LABOR: ITS INTERNATIONAL REGULATION

by

RAYMOND LESLIE BUELL
with the aid of the Research Staff of the Foreign Policy Association

## FORCED LABOR: EXAMPLES AND RESULTS

A LARGE part of the world today, including the greater part of Africa and important territories in Asia, Oceania and Australasia, is under the control of colonial powers. From the commercial standpoint the importance of these colonial areas seems to be increasing. Many of them possess raw materials of a mineral and agricultural nature, of value to industrialized countries; all of them provide markets where the manufactures of the West may be sold.

As far as colonies located in the tropics are concerned, economic development as a rule can take place only by means of native labor. In the past, such labor, in vast areas of Africa at least, has been inadequate for European needs. In many parts of Africa the native population has failed to increase during the European occupationif it has not actually declined. Likewise. three-quarters of the entire population of the Pacific islands are said to have disappeared between 1860 and 1890.1 Not only are native populations sparse, but the people unfamiliar with the wage-earning system as it exists in industrialized countries. Native wants are few; their food and clothing can be secured with very little exertion. Natives have no ambition to accumulate wealth in the Western sense; left to themselves, few of them would voluntarily enter the continuous and exacting employment of the Western industrial system. In view of the European demands upon the tropics, the labor problem has become one of the outstanding economic and social problems confronting the colonial world.

With the remarkable increase in the export of American capital, this problem may

A French writer, Professor Henry Labouret, has recently declared that the growing economic interests of the United States will lead it to demand a revision of the territorial settlement in Africa.<sup>2</sup> He explains that "during the last few years, American capitalists have gained a preponderant position in Belgian and British enterprises in Africa; they are attempting to acquire an analogous position in French business concerns in West Africa, as the activities and efforts of the electrical and mining companies show in Guinea, in the Upper Volta and elsewhere. . . . "

become of importance to the United States.

## WHAT IS FORCED LABOR?

Confronted by an inadequate labor supply, caused either by the sparsity of population or the reluctance of workers to enter foreign employment, many colonial governments have made use of forced labor, either for government or private purposes. Forced or compulsory labor is defined as "all work or service which is exacted from any person under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily."3 Compulsory labor takes many forms. In perhaps the majority of colonies, governments utilize such labor for public works and services. In French and Dutch colonies it is exacted in the form of a labor tax upon native populations. Under the French prestation tax, natives may be required to work for a period ranging from three days in Algeria to sixteen days in Indo-China.4 In principle the work is exacted only for local public pur-

<sup>1.</sup> Forced Labour, Report and Draft Questionnaire, International Labour Conference, 12th Session, 1929 (hereafter cited as I. L. O., Forced Labour), p. 235.

<sup>2.</sup> H. Labouret, "Le Président Hoover et l'Afrique," L'Afrique Française, January 1929, p. 49. Cf. p. 425.

<sup>3.</sup> I. L. O., Forced Labour, Questionnaire I, p. 54.

<sup>4.</sup> Ibid., p. 165.

poses.<sup>5</sup> In the Dutch East Indies the government may exact labor from natives up to a maximum varying from thirty to forty days a year.<sup>6</sup> During 1926 the government actually exacted labor aggregating more than 14,000,000 days, or an average of 19.5 days per worker. According to the International Labour Office, "by far the greater part of the compulsory labor levied from the population of the Dutch East Indies is unpaid,"

# COMPULSORY LABOR FOR PUBLIC PURPOSES

Many British colonies also authorize the imposition of unpaid compulsory labor, for a period in some cases of four weeks out of the year, for the benefit of the community. This type of compulsory work for local purposes is usually called communal labor.

Paid compulsory labor is exacted in many colonies for general public purposes, such as railway construction. In several territories in British East Africa the government may conscript natives for not more than sixty days a year for government porterage or for the construction of public works. But in Kenya and Uganda such labor may not be imposed, except in the case of porterage, without the prior consent of the Secretary of State for the Colonies. In one case at least such sanction has been refused.<sup>8</sup>

In other colonies in Africa and elsewhere few restrictions seem to have been imposed by law in regard to the use of compulsory labor for general public purposes. In British West Africa, compulsion may be imposed simply by administrative regulation.<sup>9</sup> The same system has been followed also in the Belgian Congo and in the French colonies. Thus, to recruit labor for the widening of the Lower Congo Railway, the Belgian government conscripted annually about 14,000 natives, some of whom were brought down the Congo River from a thousand miles in the interior. Officially labor was recruited by "voluntary" persuasion, but it was generally recognized that in reality compulsion was used. In April 1926 the Minister of Colonies asked that such conscription, being for a public purpose, should be legalized. But the Belgian Cabinet declined to legalize it, on the ground that compulsion was contrary to Belgian principles.10

In 1926 the French government enacted legislation establishing labor armies in Madagascar and French West Africa as part of the system of military conscription in these colonies. Natives eligible for conscription are divided into two "contingents," the first being obliged to undergo the three years' military service, the second being exempt from such service.11 But in 1926 it was decreed that natives of the second contingent should be placed in a labor army. That is, during three years they may be called upon to labor on public works. No other government seems to have gone so far in exacting compulsory labor for public purposes.12

# THE CONGO-OCEAN

One of the outstanding examples of the use of forced labor for public purposes in recent years has been in connection with the construction of a railway linking up Brazzaville, the capital of French Equatorial Africa, with the sea—a distance of about 360 miles. While no decree was enacted authorizing the use of compulsory labor, the Governor-General in 1925 issued an arrêté providing that 10,000 natives should be recruited annually for work on the railway. Such natives were brought from the semi-arid interior districts of the Chad and Ubangi-Shari. Many of them found it diffi-

<sup>5.</sup> In French colonies certain classes may be exempt from the labor tax in return for a money payment; and in Senegal, Togo and the Cameroon all natives may thus secure exemption. In French West Africa it is charged that prestation law has been used for extra-legal purposes and that laborers have has been used for extra-legal purposes and that laborers the prestation decree. In French Equatorial Africa it is charged that despite orders to the contrary, women are used in prestation work (R. L. Buell, The Native Problem in Africa, Vol. I, p. 1038; A. Gide, Voyage au Conop. p. 94). M. Poulaine, an editor of Le Temps, declares: "The State abuses prestations and it is the State which, by its exactions, has caused the depopulation of our colonies in Equatorial Africa." (Comment Nous Comporter Enverse les Populations Noires de Notre Domaine Africain, Comité National d'Etudes Sociales & Politiques, March 18, 1919, p. 32.)

March 18, 1919, p. 32.)
6. Constitution act of 1925.
7. I. L. O., Forced Labour, p. 107; cf. G. Angoulvant, Les

Indes Néerlandaises, p. 355.
8. Buell, op. cfs., Vol. I, p. 372. This sanction is not required in the neighboring mandate of Tanganyika, but the Governor of Tanganyika has stated that before using forced labor for public works he will first ask the approval of the Coionial Office (I. L. O., Forced Labour, p. 43). Actually, forced labor in Tanganyika is nearly non-existent. Cf. foot-

note 46.

9. For the system of "political labor" in Nigeria, cf. Buell, op. ct., Vol. I, p. 658. In July 1929 the British Parliament enacted a colonial development act providing for a loan of \$50,000,000; as a result of parliamentary debate, the govern-

ment accepted an amendment to the effect that no children under 12 could be employed in connection with works constructed by these funds, nor could compulsory labor be used.

<sup>10.</sup> Buell, op. cit., Vol. II, p. 506.

<sup>11.</sup> Ibid., Vol. II, Chapter 64.

<sup>12.</sup> A decree of June 3, 1906 established such an army in the Congo Free State, but was not used after 1909. *Ibid.*, Vol. II, p. 503.

cult to adapt themselves to the humid climate and to the strange food of the Lower Congo. As a result, many died. Toward the close of a debate in the Chamber of Deputies in 1929 the Minister of Colonies declared that the death rate among workers on the Congo-Ocean railway was 303 per thousand—a figure which declined to 191 per thousand in 1928.13 This death rate, for a labor camp, is probably the highest in the world. M. Robert Poulaine, an editor of the conservative Temps, declared after a visit to Africa that "in order to make 140 kilometres of railroads in four years the French government has wasted 17,000 human lives. Seventeen thousand corpses strew the Congo-Ocean roadbed. The Belgians have, under equally severe climatic conditions, constructed in less than four years a railroad of 1,123 kilometres, which has not cost them 3,000 lives. . . . "14 The French government has attempted to bring about reforms.

Generally speaking, it seems that, with the possible exception of the Dutch government, the French government makes use of compulsory labor for public purposes to a larger extent, perhaps, than any other important colonial power.

## ROAD WORK IN LIBERIA

It has been charged that the government of Liberia, an independent Negro republic, makes use of compulsory unpaid labor for road construction and other public purposes.15 It has been charged that in some cases natives are compelled to work nine months out of the year and that they are obliged to furnish their own food and tools. At the International Labour Conference of 1929 the Liberian delegate denied such charges.16 He asserted that all such labor

13. For the debate of June 14, 1929, cf. Journal Officiel,

was paid and that road construction was carried out by "companies working freely and voluntarily without any constraint."

## COMPULSORY LABOR FOR PRIVATE PURPOSES

While many colonial governments impose compulsory labor for public purposes, only a few colonies have authorized compulsory labor for private employers. Among these were the Portuguese colonies, where until recently regulations declared that if a native declined to work the authorities might hand him over to a private employer. 17 Following criticisms of this system, which resulted in widespread compulsion for private profit. and the signature of the Slavery Convention of 1926.18 the Portuguese government enacted decrees in 1926 and 1928, the latter of which declared that the government did not permit any kind of compulsory labor for private ends; it added, however, that "it does not deny the moral obligation" imposed on natives "of obtaining by work their means of subsistence, thus contributing to the general interest of humanity."19

While no government seems generally to legalize compulsory labor for private employers, a number of colonial administrations illegally recruit such labor or bring socalled "moral persuasion" to bear upon natives to accept European employment. Such a policy was followed in Kenya until 1921 when the British government ordered that beyond placing information at the disposal of employees and employers government officials would "in the future take no part in recruiting labor for private employment." Nevertheless, in 1926 a conference of the Governors of the five British East African territories declared that the native should be "given to understand that the government expects him to do a reasonable amount of work, either in production in his own Reserve or in labor for wages outside it. . . In areas where the first alternative

<sup>13.</sup> For the debate of June 14, 1929, cf. Journal Officiel, June 15, 1929, p. 2062. Cf. also A. Londres, Terres d'Ebène, p. 257. On December 4, 1928 the Minister of Colonies declared that at one time the mortality among such workers had reached 570 per thousand (I. L. O., Forced Labour, p. 250).

14. Comment Nous Comporter Envers les Populations Noires de Notre Domaine Africain, Comité National d'Etudes Sociales & Politiques, March 18, 1929, p. 33.

15. Cf. Buell, op. cit., Vol. II, p. 748; also T. J. Faulkner, interview with P. D. Stons, The World (N. Y.), August 11, 1929; and I. L. O., Forced Labour, p. 136.

16. Provisional Record, No. 22, June 17, 1929, p. 335. He declared that although Buell's Native Problem in Africa was "documented," the author did not seem to be well aware of actual conditions of native labor in Liberia. As proof that government labor was paid, he declared that in 1928 the Liberian government expended 554,560,000 on public works. Fresident King's annual message of October 18, 1928 (p. 53) states that on roads and schools there would be expended during the next year \$54,600 (instead of \$54,500,000). For the commission to Liberia, cf. p. 415.

<sup>17.</sup> Labor regulations of 1914. Compilação de todas as disposições legais em vigor referentes a indígenas . . . , Lou-

asposições legales em report of renoc Marques, 1919, p. 73.

18. Cf. the report of Professor E. A. Ross, Employment of Native Labor in Portuguese Africa, 1925, also Some Observations on Professor Ross' Report, a reply by the Portuguese government.

government.

19. "Codigo do Trabalho dos Indigenas nas colonias portu-gesas de Africa," Diario do Governo, December 6, 1928, Decree No. 16199. For the 1926 decree, cf. Buell, op. cit., Vol. I, p. 31. Certain "prazo" holders may still collect labor taxes p. 31. Certain practinguese East Africa. In Java there are also certain private estates which have the traditional right to exact labor (I. L. O., Forced Labour, p. 203, 215). The Dutch government is progressively abolishing these rights.

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is not within his reach, the native should be definitely encouraged to go out to labor."20

The Colonial Charter of the Belgian Congo declares that no one may be compelled to work for the profit of individuals. Nevertheless, because of excessive mining developments, the Belgian Congo, until recently at least, followed the policy of government recruiting for labor for private interests. As a result of general criticism, however, the Belgian government issued instructions in December 1925 ordering administrative officials to stop the "direct recruiting of labor for private employers."

## LIMITATION OF RECRUITING

In the same year a labor commission appointed by the Belgian government expressed the opinion that because of the harmful effects of the excessive recruiting of labor. not more than 5 per cent of the able-bodied men should be taken from a native community.21 In March 1928 an Advisory Committee on Labor in Brussels decided that further steps should be taken to slow up industrial development in view of the existing drain on native labor. It recommended that each province of the Congo be divided into zones and that in those zones where the demand for labor had already reached the limit further concessions to Europeans should not be granted for a certain number of years and no further recruiting should be allowed.22

While the 1928 committee advocated the suspension of concessions in certain zones, it did not believe that the government should abstain from participation in labor recruiting. It declared that the government officials "should favor by every honest and legal means the recruiting of workers necessary for those private enterprises whose efforts increase the wealth [patrimoine] of the colony..."<sup>23</sup>

According to this announcement, it would seem that the Belgian Congo is still committed to the policy of "encouragement" and

20. Buell, op. cit., Vol. I, p. 553.

"moral persuasion" as far as labor for private enterprise is concerned. In 1929 the Catholic Bishops of the Congo made a joint protest against the "excessive recruitment" of labor.

While there is no legislation authorizing compulsory labor for private employers in French colonies, there has been government recruiting for such purposes in French West Africa, especially for the cotton plantations in the French Sudan and wood-felling on the Ivory Coast.<sup>24</sup>

The attitude of some Frenchmen toward this subject is shown by the recommendation of the Association of Colonial Sciences in 1927 in favor of the principle of the obligation of labor in the interest of natives.<sup>25</sup>

A semi-official body, the Economic Council of Colonies, recently declared that while forced labor should be prohibited, the first duty of the colonial administration should be to expand "the notion of the necessity of labor. . . . "2" It also declared that the government should "intervene" in recruiting for private enterprise. 27

As to the general French attitude, Professor Labouret writes: "It is remarkable that, at the very time when obligatory labor is condemned at Geneva and abandoned by Portugal, its justification should be discussed in France by various economic groups."<sup>28</sup>

As the above paragraphs show, the first and most important indirect means of obtaining forced labor is that of government persuasion. Other indirect forms are the imposition of heavy taxes which natives cannot pay without entering into European employment<sup>29</sup> and the alienation of land to Europeans, so that natives, lacking the basis for an independent economic existence, must accept European employment—a situation which exists in the Union of South Africa

<sup>21.</sup> An additional 5 per cent might be recruited for work within a radius of about two days' march from the native village. Fifteen per cent more might be employed by European enterprises in the vicinity of their homes for the production of foodstuffs and other purposes. bids., Vol. II, p. 647.

<sup>22.</sup> Le Problème de la Main-d'Œuvre au Congo Belge, 1928, p. 35 ff.

<sup>23.</sup> Ibid., p. 47.

Buell, op. cit., Vol. II, p. 28. Londres, op. cit., p. 163.
 Goudal, "La question du travail forcé," Révue Générale de Droit International Public, May-June, 1929, p. 281.

<sup>26.</sup> France, Senate, Ministère des Colonies, Rapport, No. 760, 1928, M. A. Lebrun (Budget), p. 21.

<sup>27.</sup> Governor-General Carde has declared that in French West Africa four-fifths of the male natives should remain in their villages; this would leave about 380,000 men available for work elsewhere, or, deducting 35 per cent for those physically unift, 247,000. Two hundred thousand of these are already under employ. Ibid., p. 14.

<sup>28. &</sup>quot;Les indigènes et le travail forcé," L'Afrique Française, April, 1929, p. 176.

<sup>29.</sup> For the situation in Northern Rhodesia, cf. Buell, op. cit., Vol. I, p. 241.

and to a lesser extent in British Kenya. In some colonies, moreover, natives may be arrested on the charge of vagrancy and forced to perform labor.<sup>30</sup>

## FORCED LABOR IN LIBERIA

Serious charges in regard to forced labor for private employers have been made in regard to Liberia. Thus it is declared that high officials in the Liberian government profit from the compulsory recruiting of Liberian laborers for work on the cocoa plantations in the Spanish island of Fernando Po. It is charged that the Spanish authorities pay a fee of \$50 for each boy thus recruited, and that this fee is divided between the shipping agent, the recruiter and various high government officials, at Monrovia and elsewhere.31 Misgivings have also been expressed in regard to the ultimate effects of the Firestone rubber planta-Commenting on the fact that the Firestone Company pays a fee to the chiefs and to the Liberian Labour Bureau for each man recruited, the International Labour Office at Geneva declares that "fears have been expressed in many quarters that this system is, in practice, one of forced labor, This seems a possible danger not only because chiefs are already accustomed to levy forced labor for roads, but also in view of the fact that it is estimated that the scheme will necessitate the employment of 300,000 to 350,000 native laborers, while the total population of the country is reported to be only one and a half million."32

In reply it is pointed out that by October 1928 the Firestone Company had planted only about 30,000 acres of rubber and had employed only about 10,000 natives.<sup>33</sup> It is declared that natives have been more than willing to accept Firestone's employment because they are well-treated and receive regular pay, in contrast to the conditions which prevail under government employment. Finally, it is said that the Firestone

Company does not require natives to sign labor contracts, and that they may terminate their employment at will. Moverover, it is stated that the Firestone Company has not paid a fee to the government bureau for nearly three years, but instead recruits its labor directly.

On August 10, 1929 a Washington dispatch to the New York Times stated that it was understood that recently the State Department had sent a strong note to the Liberian government in regard to labor conditions. Whether or not as a result of a suggestion from the United States, the Liberian government announced through the State Department and at the Sixth Committee of the League Assembly that it would appoint a commission, one member to be appointed by the Liberian government, another by the United States, and a third by the League of Nations, 34 to investigate these charges of forced labor.

In a note to the Secretary-General of the League on September 16, the Liberian government declared that it had been "the victim of a systematically organized campaign to persuade public opinion, and especially Members of the League of Nations, that slavery and forced labor are still rife in Liberia. . . . "35 The policy of the government had always been to condemn slavery and forced labor "in all its forms." On the other hand, it would easily be understood that "an inveterate scourge cannot be extirpated root and branch in the space of a few years. However, owing to the energetic measures taken by [the Liberian] government during the last twenty-five years, the practice of slavery and forced labor has, little by little, been considerably diminished, and it can be asserted today that slavery and forced labor are no longer practiced in principle as a normal social system in Liberia."

"In order to enlighten the public," the Liberian government had decided to ask for an International Enquiry Commission to conduct a four-months' investigation. Both the United States and the League Council agreed to name representatives to this commission, and to pay their expenses. On December 19, 1929 the State Department an-

<sup>30.</sup> An indirect form of compulsion also is the penal sanction in labor contracts—i. e., the punkament of desertion from employment by imprisonment. Such a system has often resulted in peonage or debt slavery. The International Labour Office considers this question as falling in the category of indentured labor. Consequently it is not discussed here except in connection with the mandate system. Cf. below, p. 419.
31. Cf. the Faulkner interview, The World (N. Y.), August 11, 1929.

I. L. O., Forced Labour, p. 227.
 Annual Message of His Excellency, Charles Dunbar Burgess King, October 18, 1928, p. 62. It is understood that approximately 50,000 acres will have been planted by 1930.

<sup>34.</sup> New York Times. August 11 and September 7, 1929.

<sup>35.</sup> League of Nations, Council Document, A.81.1929.VI.

nounced the appointment of Dr. Charles S. Johnson, a Negro professor at Fisk University, to serve as its representative upon this The next day the League commission. Council announced the appointment of Judge M. S. Meek of Norway as its representative.36 Since the Liberian representative will be a Negro, the white member of the commission will be in the minority. Although the Liberian government announced in August that this commission would be appointed, the commission had not left for Liberia by the end of the year. In the meantime, the Liberian government had an opportunity to bring about reforms, provided it deemed such reforms to be necessary.

# ETHICAL AND SOCIAL ASPECTS OF FORCED LABOR

From the ethical standpoint, compulsory labor for public purposes has generally been placed in a different category from such labor for private employers. Although some business men and officials justify the latter type of forced labor on the ground that it is desirable to teach the native to work, the great preponderance of official and unofficial opinion seems to condemn compulsory labor of a dependent population for the benefit of European individuals, on the ground that such labor is analogous to slavery. Compulsory labor, whether for public or private purposes, may have certain harmful effects upon the native population if it involves transporting men in large numbers and long distances from their homes. These effects have been stated in the report on forced labor by the International Labour Office to be as follows:

"In addition to the effects upon individuals of the imposition of regular labor to which they are unaccustomed-effects which are frequently disastrous unless prolonged gradual habituation is possible-there are grave social dangers. Wherever large bodies of workers are removed from their villages and their families and herded together for some large constructive work, a number of intensely important problems arise. Away from the milieu to which they are accustomed, their morale rapidly degenerates. The absence of their wives tends to encourage abnormal sexual habits: the cessation of the tribal authority which they respect and which provides the sanctions of their code of conduct leaves them unguided amid strange circumstances; they lose their own standards without gaining new ones; their "religio" fails them. They suffer severely from climatic changes, possibly even more severely from changes of diet. Usually they are excessively liable to attack by diseases with which they come into contact for the first time, more especially tuberculosis and venereal disease. In close contact with each other, the onset of highly infectious disease decimates them. In recent cases where statistics have been made available, appalling rates of mortality, up to 10 and even 12 per cent per annum, have been recorded.

"These effects fall for the most part upon the workers concerned themselves; there are other results which affect the community from which they come and of which account must be taken. Those due to their absence include at times a lack of workers for the needs of tribal or village cultivation, with resultant famine. The effects on family life of the absence of the adult males have been frequently noted. The return of the workers to their villages at the termination of their period of service may introduce there the ills from which they suffer. The dissemination of syphilis, hookworm, yaws, tuberculosis, and other maladies is frequently attributed in medical reports to the going and coming of workers.

"Compulsion for labor of this type further appears to involve certain measures of which the moral effect upon the natives concerned cannot be otherwise than bad. The workers are sometimes moved to the workplaces under armed guard; there is evidence that they are at times roped or chained together to minimize the possibilities of escape; escaping workers run the risk of being shot down; armed guards are necessary at the workplaces, and so on.

"Under these circumstances, to speak of the moral or educative value of forced labor seems mockery. Forced labor is in fact, from this point of view, a blind alley, the forced worker is not likely to acquire a taste for work; on the contrary, all the associations of compulsion tend to give him an active distaste for it." 37

Compulsory labor, as a rule, is also less efficient than voluntary labor; and when government officials get in the habit of imposing forced labor, they have a tendency to rely upon it exclusively for government needs. Moreover, when compulsion is used, employers tend to be wasteful of labor. Finally, compulsory labor tends to discourage habits of native industry, since it associates labor with a sense of oppression.<sup>28</sup>

Because of the idealist objections to any form of servitude which resembles slavery, and also because forced labor in many cases has resulted in excessive death rates and in

<sup>37.</sup> I. L. O., Forced Labour, p. 260-61.

<sup>38.</sup> Cf. Colonial Office dispatch of February 6, 1925, Cmd. 2464; Buell, op. cit., Vol. I, p. 372.

highly unsatisfactory social conditions generally, a widespread demand for the abolition of forced labor, at least for the benefit of private employers, has arisen. This demand has been partly humanitarian. It has also been partly inspired by enlightened self-interest. Many governments and employers are coming to take the view that in the long run the economic development of the tropics will depend upon a growing and contented native population; and that any policy which prevents the population from increasing and tends to reduce it to a stage of semi-serfdom will mean social and economic stagnation.

Fears have been expressed that if the native populations in colonial areas are mistreated, their desire to revolt against their European rulers will be increased. The program of the Third International of Moscow, adopted in September 1928, stated that the

task of Communism was to carry on propaganda "against the imperialist maltreatment of enslaved peoples and races. . . . "39

In November 1929, 12,000 natives in Durban, South Africa refused to pay their poll taxes. The government finally raided the native compounds and made 600 arrests. The Minister of Justice of the South African government declared that this anti-European movement was inspired by the Third International from Moscow. 40 Authorities have also feared the spread of Communism among the natives of the Dutch East Indies.41 While there are those who advocate repressive measures, others believe that the best defense against the spread of Communism is a policy of advancing native interests. Since forced labor is one of the heaviest burdens imposed upon native populations, an international demand for its abolition has been made.

### FORCED LABOR AND THE MANDATES SYSTEM

The first attempt at the international regulation of forced labor was made in the so-called mandates system. The administration of a million square miles of territory, divided into 14 "mandates" and lying for the most part in the tropics, is under the supervision of the Council of the League of Nations, acting upon the advice of the Permanent Mandates Commission. In the African and Pacific mandates (called B and C mandates) the governments are prohibited from using compulsory labor except for "essential public services,"42 Such compulsory labor must be adequately remunerated. There is nothing in the text of the mandates which expressly prohibits compulsory labor on the part of women or children; or which states that compulsory labor may be imposed only after recourse to voluntary labor has failed. The mandates are silent, moreover, as to the term for which forced labor may be exacted.

Nevertheless, the Mandates Commission has attempted to reduce to a minimum the

use of compulsory labor for essential public purposes. Perhaps the best illustration of the procedure of the commission may be found in the case of the Midlands Railway in the French Cameroons. In 1921 the local government decided to extend this railway from Makak to Yaoundé-a distance of about 83 miles. In order to obtain the necessary labor, the government resorted to compulsion-10,530 men being conscripted in 1926. Many charges were made that the men were obliged to work under oppressive circumstances and that the death rate was high. Natives remaining at home were compelled to grow food for the railway laborers. and women and children were obliged to carry this food long distances to the labor camps. Thus, while the construction of the railway might have been an "essential service," many observers believed that the government was employing methods which imposed serious injuries upon the native population.

The Mandates Commission asked no questions about the railway until 1924. Then it asked for further information concerning recruiting and living conditions among the workers.<sup>43</sup> At the sixth session it "urgently"

<sup>39.</sup> W. R. Batsell, Soviet Rule in Russia, p. 790.

<sup>40.</sup> Manchester Guardian Weekly, November 22, 1929.

<sup>41.</sup> G. Angoulvant, Les Indes Néerlandaises, p. 89.

<sup>41.</sup> G. Angouivant, Les Inues Neertanauses, p. 8-4.

22. The B mandates declare that the mandatory powers "shall prohibit all forms of forced or compulsory labor, except for essential public works and services, and then only in return for adequate remuneration." In the C mandates "no forced labor is permitted, except for essential public works and services and then only for adequate remuneration."

<sup>43.</sup> League of Nations, Permanent Mandates Commission, Minutes of the Fourth Session, p. 18; "Report to the Council on the Fourth Session," p. 6.

renewed "its request for exact and complete information." It added that in the light of information contained in the last report the mandatory power should be asked to "consider the possibility of taking effective measures to remedy this state of things. . . . "44

Following these inquiries the Cameroons administration brought about further re-Nevertheless, at its ninth and eleventh sessions the commission again made inquiries, which indicated that some members were not yet satisfied. eleventh session in 1927 it was pointed out that in certain colonies strict regulations limiting the powers of Governors in regard to forced labor existed, but that French Governors apparently had unlimited powers in this respect.45

Recruiting for the Cameroons railway finally ended in January 1928. Thus, during the construction period, the Mandates Commission did not exercise any effective supervision over labor conditions; but its influence may have prevented conditions from becoming worse.

Upon several occasions the commission has indicated its appreciation at the reduction of compulsory labor to a minimum by mandatory administrations.46

## REMUNERATION FOR FORCED LABOR

A number of difficulties which the Mandates Commission has not solved have arisen in regard to the provision that all compulsory labor shall be "adequately" remunerated. It is the practice in certain French mandated territories to exact a labor tax called the prestation, and in certain British mandated territories to exact a number of days of unpaid labor for communal purposes. Do these practices violate the provision in the mandates that compulsory labor for public purposes shall be remunerated? The

question has been discussed at a number of 44. P. M. C., Minutes of the Sixth Session (1925), p. 175.

sessions of the Permanent Mandates Commission, one member expressing the view that all forms of unpaid compulsory labor are illegal.47 The commission decided, however, not to pass upon the question until after the whole subject of compulsory labor should have been dealt with by the International Labour Organization.48

## COMPULSORY CULTIVATION

Similarly the commission has failed to decide whether or not the practice of compulsory cultivation, whereby natives are required to grow foodstuffs for their own use or for sale to Europeans, is in violation of the mandate. Some members believe that such compulsion should be used only to avert a famine, and not to supply export needs.49 While the Mandates Commission has failed to pass on the question, the Sixth Committee of the Seventh Assembly of the League and the 1929 International Labour Conference refused to recognize the principle of compulsory cultivation as a measure of education or social welfare.50

## COMPULSORY LABOR FOR PRIVATE PURPOSES

The Mandates Commission has examined in detail the legislation of mandated territories to determine whether or not they authorize compulsory labor for private purposes.<sup>51</sup> It has also inquired into actual practice. Perhaps the sharpest comment of the commission was in regard to recruiting in New Guinea under Australian mandate. In 1929 there was read into the records of the commission a statement of the Australian Missionary Conference to the effect that "already the demand for native laborers is such a great one that recruiting is becoming

<sup>45.</sup> P. M. C., Minutes of the Eleventh Session (1927), p. 28; cf. also Minutes of the Ninth Session (1926), p. 60 ff. For conditions on the Brazzaville railway, cf. p. 412.

<sup>46.</sup> For French Togo, cf. P. M. C., Minutes of the Ninth Session (1925), p. 218; for Ruanda-Urundi, cf. Minutes of the Twelfth Session, p. 148; in 1929 members of the Mandates Commission commended the Tanganyika government for having had recourse to compulsory labor for public purposes only twice in the previous year. This was exclusive of porterage (P. M. C., Minutes of the Fifteenth Session, p. 109, 122). The Tanganyika administration has established a Labor Department which supervises the amplement of the two previous the contract of the supervises the amplement of the two previous the contract of the two previous the contract of the supervises the amplement of the two previous the contract when the contract when the contract when the contract when the previous the contract when the contract the contract when the contract when the contract the contract the contract when the contract ment which supervises the employment of natives by Europeans (Tanganyika Territory, Labour Department, Annual Report,

<sup>47.</sup> P. M. C., Minutes of the Seventh Session (1925), the Van Rees memorandum, p. 154; cf. also Minutes of the Tenth Session (1926), the Crimshaw memorandum, p. 118, 164, 48. P. M. C., Minutes of the Eleventh Session (1927), p. 18. The questionnaire of the International Labour Conference (Fourteenth Session, 1930, p. 57) referred to below asks (Fax. 12): "Do you consider that, where forced or compulsory labour is demanded as an equivalent to or a substitute for a tax, the practice should be abolished as soon as possible...," The charge has been made that in the French Cameroons, a mandated territory, the restrictions imposed by law on the use of prestation labor, in regard to the period and the type of work for which it may be employed, have not been observed (Buell, op. cit., Vol. II, p. 329). French representatives dony these charges. They declare that sometimes men are retained beyond the period fixed for prestation labor but state that in such cases they receive wages or a ration in kind equivalent to wages (Minutes of the Fifteenth Session, 1929, p. 143). Cf. p. 412. Such cases they receive wages or a ration in kind equivalent to wages (Minutes of the Fifteenth Session, 1929, p. 148). Cf. p. 412. 49. P. M. C., Minutes of the Twelfth Session (1927), p. 163. 50. Cf. footnotes 73 and 87. 51. P. M. C., Annexes to the Minutes of the Third Session (1923), the Grimshaw memorandum, p. 262.

a heavy burden on the people. One recruiting vessel follows the other. By means of enticing, threatening and deceiving, boys are led to follow the recruiter. . . . In addition to this, patrol officers go and requisition the boys whom the recruiters were unable to persuade. . . . Some weeks ago, approximately 400 natives were in this manner taken out of Azera and at present the same is taking place north of Finschhafen. For the sake of the gold-fields, hundreds of natives are sacrificed." Commenting upon this statement in the presence of a representative of the Australian government, Mr. H. A. Grimshaw (the representative of the International Labour Organization on the commission) declared that if these conditions were correctly described it would become "nothing less than a system of forced labor." In its report to the Council the commission declared that it attached "particular importance to receiving full information regarding the action (if any) which the Australian Government proposes to take. . . " in regard to putting an end "to irregularities in recruiting. . . ."52

The commission has also asked questions to ascertain whether or not any indirect pressure is brought to bear upon natives by the administration to induce them to enter private employment.53 On one such occasion, at the twelfth session, the representative of the Belgian mandated territory of Ruanda-Urundi declared that the government did not carry on any recruiting or "solicitation" in connection with laborers going from Ruanda-Urundi to the Katanga mines in the Belgian Congo. While the government informed the native that a particular recruiter was worthy of confidence, this did not necessarily mean that pressure was placed upon him.

#### THE PENAL SANCTION

In May 1928 the International Bureau for the Protection of Native Races, in a petition to the Mandates Commission, raised the question of whether the penal sanction in labor contracts-i. e., the provision making desertion from employment a criminal offense-was in conformity with the provision of the mandate prohibiting forced labor.54

The British government, in reply to this question, declared that legislation had recently been enacted in Tanganvika mitigating the severity of the penal sanction. It also quoted a statement of the Governor that a criminal punishment for desertion could not "endure indefinitely," but at present he was not prepared to recommend that any drastic steps should be taken to abolish it. 55

The Mandates Commission has not expressed an opinion on the legality of the penal sanction, although it noted with satisfaction its abolition in Western Samoa, and expressed the hope that the administration of Nauru might follow this example.56

## CONSERVATISM OF THE MANDATES COMMISSION

These examples illustrate the reluctance of the Permanent Mandates Commission to interpret the compulsory labor provisions of the mandatès. It has made no pronouncement yet as to whether or not the terms of the mandates have been violated by the system of unpaid compulsory labor in the British mandated territories, by the French labor tax, by the system of compulsory service for chiefs, by compulsory cultivation or by the penal sanction in labor contracts. The Mandates Commission has not recommended the imposition of a time-limit upon the use of compulsory labor for essential purposes, nor has it made any ruling in regard to the compulsory employment of women and children. 57 At the same time, the commission has repeatedly asked questions as to the expediency of certain practices which, although they may be legal under the mandate system, do not conform to the best colonial practice. Unless the commission takes more definite action soon, it is possible

<sup>52.</sup> P. M. C., Minutes of the Fifteenth Session (1929), p. 51, 293. In New Guinea a large number of European plantations are found which demand native labor. Laborers in New Guinea receive only 5 shillings a month. Cf. Ft. W. Eggleston, The Australian Mandate for New Guinea, 1928, p. 77 ff.

<sup>53.</sup> P. M. C., Minutes of the Twelfth Session (1927), p. 144.

<sup>54.</sup> This was one of the number of questions, based upon Buell's Native Problem in Africa, raised by the bureau (P. M. C., Minutes of the Fifteenth Session, 1929, p. 242).
55. P. M. C., Minutes of the Fifteenth Ression (1929), p. 245. The new legislation provided that arrests for desertion could not be made by the police except upon a warrant issued by a

not be made by the police except upon a warrant issued by a magistrate at the request of the employer; it also provided that imprisonment for desertion could be inflicted only in case the deserter failed to pay a fine.

56. P. M. C., Minutes of the Fifth Session (1924), p. 193, 195; Minutes of the Ninth Session (1929), p. 15, 20. M. Van Rees of the commission declares that nothing in the mandate forbids the penal sanction. The late Mr. Grimshaw declared, however, that it was "universally recognized that the indentured labor system contained some elements of compulsion" (P. M. C., Minutes of the Fifteenth Session, 1929, p. 51, 249).

57. For the employment of women in the French Cameroons, cf. Buell, op. cit., Vol. II, p. 327.

that, as a result of the work of the International Labour Conferences, some colonies will have accepted more far-reaching international limitations upon compulsory labor than exist in the mandated territories.<sup>55</sup> It must not be forgotten that in addition to being bound by provisions prohibiting compulsory labor the mandatory powers are also

obliged "to promote to the utmost the material and moral well-being and the social progress" of the inhabitants. It is possible for the Mandates Commission to invoke this provision in order to press for the elimination of questionable labor practices, even if the latter are not specifically banned by the other provisions of the mandates.

## THE SLAVERY AND FORCED LABOR CONVENTION

It is not only in the case of mandated territories that the League of Nations has made provision for the protection of subject peoples; Article 23 of the Covenant obligates League Members generally to "secure just treatment of the native inhabitants of territories under their control." In 1922 the Assembly passed a resolution expressing the hope that all States might treat minorities at least as well as was required of the countries actually bound by minority treaties. It is argued that Members of the League should likewise be urged to treat their colonial populations as well as mandatory powers are required to treat their wards.59

One of the most obvious injustices in the colonial world is that of slavery. Acting under Article 23 of the Covenant, the 1923 Assembly asked the Council to establish a body to investigate the slavery question.

Some members of the Council believed that for financial and other reasons the Mandates Commission should supervise the slavery investigation. The idea was opposed, however, by the French, British and Belgian delegates, 60 who apparently did not wish to extend the powers of this body. The Council finally decided to ask the League Secretariat and the International Labour Office to appoint eight experts to carry out the investigation. 61 These experts consti-

tuted what was called the Temporary Slavery Commission.

# TEMPORARY SLAVERY COMMISSION

At the fourth and fifth Assemblies the Belgian representative insisted that the Slavery Commission should use only official information. He declared that "the League was a league of States; private individuals and societies ought not, as a rule, to interfere directly with its activities."62 Nevertheless, a resolution of the fourth Assembly authorized the commission to obtain information not only from governments but also, if necessary, from individuals and organizations whose competence and reliability were recognized. The Slavery Commission finally decided that all communications accepted from organizations should be forwarded to the government concerned for its comments.63

At its first session, in July 1924, the commission had to decide whether to confine its investigations to slavery, strictly defined, or whether to include compulsory labor. The commission decided in favor of the latter alternative, since compulsory labor was closely linked up with slavery.<sup>64</sup> This decision was approved by the Council, while the fifth Assembly, if "with great hesitation," also approved the procedure and program of the commission.

In its final report to the Council, the Temporary Slavery Commission made two suggestions in regard to compulsory labor: (1) that in imitation of the provisions in the B and C mandates, such labor be limited to essential public purposes and then only in

<sup>58.</sup> Cf. p. 423.

<sup>59.</sup> Cf. remarks of Mr. Buxton, Records of the Fifth Assembly, Minutes of the Sixth Committee, Spec. Supp. No. 29, p. 14.

<sup>60.</sup> League of Nations, Official Journal, February 1924, p. 331. During the Fifth Assembly, M. Freire d'Andrade declared that the Mandates Commission "must necessarily act with the greatest prudence and not even appear in any way to interfere in the internal affairs of the Colonial Powers." Records of the Fifth Assembly, Minutes of the Siath Committee, Spec. Supp. No. 29, p. 14.

<sup>61.</sup> The International Labour Office named Mr. H. A. Grimshaw, who had represented it on the Mandates Commission; the Secretariat named three other members of the Mandates Commission—M. Freire d'Andrade, Sir Frederick (now Lord) Lugard, and M. Van Rees. It also named M. Bellegarde of Hatti, M. Delafosse of France, Commandant Roncagli of Italy, and M. Gohr of the Belgian Colonial Office, who was elected chattman.

<sup>62.</sup> Records of the Fifth Assembly, Minutes of the Sixth Committee, Spec. Supp. No. 29, p. 10; cf. also Records of the Fourth Assembly, Spec. Supp. No. 19, p. 26.

<sup>63. &</sup>quot;Report of the Temporary Slavery Commission," League of Nations, Official Journal, October 1924, p. 1395.

<sup>64.</sup> Cf. T. S. C., Minutes of the First Session (1924), p. 14.
65. This was M. Freire d'Andrade's phrase. T. S. C., Minutes of the Second Session (1925), p. 7.

return for adequate remuneration;66 (2) that forms of "direct or indirect compulsion the primary object of which is to force natives into private employment are abuses."67

The commission debated the question of whether or not to recommend the conclusion of an international convention on slavery and forced labor. Some members opposed the suggestion because of the existence of the Saint-Germain convention of 1919, which would be revised ten years after ratification. It was pointed out, however, that this convention applied only to Africa and that it did not deal in detail with the problems of slavery and forced labor.

By a vote of five to three, the commission decided to recommend the conclusion of a slavery convention.68

## THE ACTION OF THE ASSEMBLY

The Council then submitted the final report of the Slavery Commission to the Sixth Assembly.69 Here Viscount Cecil of Chelwood, representing the British government, submitted a draft resolution and protocol relating to slavery and forced labor. passed by the subcommittee, the proposal did not, however, go as far as the compulsory labor provisions in the mandates. It authorized compulsory labor for "public purposes" and even for private purposes when the case was exceptional and temporary and did not involve the removal of laborers from their usual place of residence. The proposal did not require that forced workers be remunerated either for public or The conservative for private purposes. nature of these proposals was defended by Viscount Cecil on the ground that "it was better to proceed a little distance with security than to try to go a great distance with insecurity."70 The Spanish delegate attacked this reasoning on the ground that the object of the draft "appeared to be to countenance forced labor, which up to the present had been condemned by the League of Nations." Norway, New Zealand and Canada sustained this point of view. Australia, however, favored the British position. As a result of the debate, the Sixth Committee amended the proposal so as to require remuneration in case of forced labor for private purposes.

## ARTICLE 5 OF THE SLAVERY CONVENTION

The draft convention was then sent to the plenary Session of the Assembly. This body asked the Council to communicate the draft to the States for their comments in order that a final convention might be signed at the next Assembly.71 The seventh Assembly opened the Slavery Convention for signature. 72 The provision in the Slavery Convention relating to forced labor is as follows:

"Article 5. The High Contracting Parties recognise that recourse to compulsory or forced labor may have grave consequences and undertake, each in respect of the territories placed under its sovereignty, jurisdiction, protection, suzerainty or tutelage, to take all necessary measures to prevent compulsory or forced labor from developing into conditions analogous to slavery.

"It is agreed that:

"(1) Subject to the transitional provisions laid down in paragraph (2) below, compulsory or forced labor may only be exacted for public purposes.

"(2) In territories in which compulsory or forced labor for other than public purposes still survives, the High Contracting Parties shall endeavor progressively and as soon as possible to put an end to the practice. So long as such forced or compulsory labor exists, this labor shall invariably be of an exceptional character, shall always receive adequate remuneration, and shall not involve the removal of the laborers from their usual place of residence.

"(3) In all cases, the responsibility for any recourse to compulsory or forced labor shall rest

<sup>66.</sup> It declared that States should remain free to define what they understand by "compulsory labor" and by "essential public works" (T. S. C., Report of the Chairman, 1925, p. 13). In its report the commission also dealt with the status of slavery, slaver-raiding and similar acts, slave trade, slave dealing, practices restrictive of the liberty of the person, such as pledging and adoption, domestic or predial slavery, and the transition from servile or compulsory labor to free wage labor or independent production. or independent production.

or independent production.

7. "The Commission considers also that indirect or 'moral' pressure, if exercised by officials to secure labor for private employment, may, in view of the authority of such officials over the minds of natives, be in effect tantamount to compulsion and call therefore for prudence on the part of the Administration." Ibid.

ministration." Ibid.

68. T. S. C., Minutes of the Second Session (1925), p. 93. In a covering letter to the Council, M. Gohr stated that "in case the League of Nations should consider useful an international convention on slavery," the commission, "the majority of which believes such a convention to be desirable," was of the opinion that it should deal with the suggestions mentioned in the report (Report of the Chairman, cited, p. 2).

69. League of Nations, Official Journal, October 1925,

<sup>70.</sup> Records of the Sixth Assembly, Minutes of the Sixth Committee, Spec. Supp. No. 39, p. 15, 28.

<sup>71.</sup> For the comments of the governments, cf. League documents A.10.1926.VI., A.10(a).1926.VI., and A.10(b).1926.VI.

<sup>72.</sup> In its report to the seventh Assembly the Sixth Com-72. In its report to the seventh Assembly the SKM Committee explained that the convention did not require compensation for labor for public purposes because of the existence of labor taxes. Nevertheless, the commission was "strongly of opinion that such remuneration should as a general rule be paid." "Records of the Seventh Assembly," Plenary Meetings, Spec. Supp. No. 44, p. 417.

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with the competent central authorities of the territory concerned."

According to Viscount Cecil, under this provision "no new cases of forced labor for private purposes should, under any circumstances be admitted. Only in those cases where it already exists can it be treated with this kind of transitory toleration until steps can be effectively and justly taken to put an end to it."73 In addition, the seventh Assembly passed resolutions: (1) asking the Council to publish an annual document summarizing the laws enacted under the convention; (2) stating the opinion that as a rule forced labor for public purposes should not be utilized unless it is impossible to obtain voluntary labor and that such labor should receive adequate remuneration; (3) asking the Council to inform the Governing Roard of the International Labour Office of the adoption of the Slavery Convention and drawing the attention of the Board to the importance of the work in regard to forced labor undertaken by that office.74

# ADHERENCE OF THE UNITED STATES

The Slavery Convention was signed by 36 governments and was adhered to by the United States, subject to the reservation "that the Government of the United States. adhering to its policy of opposition to forced or compulsory labor except as a punishment for crime of which the person concerned has been duly convicted, adheres to the Convention except as to the first subdivision of the second paragraph of Article five." This subdivision sanctions the transitional use of forced labor for private purposes.75 By September 1929 the convention had been ratified by the following governments:76 Australia, Austria, Belgium, British Empire, Bulgaria, Canada, Denmark, Ecuador, Egypt, Estonia, Finland, Germany, Haiti. Hungary, India, Iraq, Italy, Latvia, Monaco, the Netherlands, New Zealand, Nicaragua, Norway, Portugal, Spain, Sudan, Sweden, the Union of South Africa, and the United States-a total of 29. Of these, nine States adhered to the convention.

## THE INTERNATIONAL LABOR CONFERENCE AND FORCED LABOR

The Paris peace treaties provided for the establishment of an International Labour Organization, composed of an International Labour Office at Geneva, under the control of a Governing Body, and an annual International Labour Conference. Each Member State is represented at these conferences by four delegates, two representing the government, one the employees, and one the employers. The purpose of these conferences is to formulate draft conventions and recommendations in regard to labor questions. The first step in formulating a convention is taken by the International Labour Conference, when it draws up the general lines

of a questionnaire to be addressed to the governments which are members of the organization, asking them if they favor a convention on the subject and ascertaining the principles to be embodied therein. If such a convention is favored, the Labour Office prepares a draft convention, based on the replies to the questionnaire, which is discussed at the next International Labour Conference. If the draft convention receives a two-thirds vote, it is open to ratification by governments.

Under Article 421 of the Treaty of Versailles, members of the International Labour Organization promise to apply the labor

<sup>73.</sup> Ibid., p. 132. During the subcommittee debates the Belgian delegation proposed an amendment authorizing compulsory cultivation. The committee rejected it on the ground that it "might lead to grave abuses of exactly the type which the Convention itself was designed to prevent or suppress" (Records of the Seventh Ordinary Assembly, Plenary Meetings, 1926, Spec. Supp. No. 44, p. 417). During the debates in the Sixth Committee of the sixth Assembly, Dr. Nansen urged the insertion of a clause granting the World Court jurisdiction in the case of disputes arising out of the application of the convention. M. Freire d'Andrade opposed such a suggestion. The Slavery Convention contained only general principles, and he did not see how the World Court, whose competence was mainly legal, could intervene. For example, could one power appeal of the to the Court because it thought that another power gave a different interpretation of "public purposes" from its own? Any such proposal, in his opinion, would justify the Intervention of a power or the Court in the internal affairs of another power and this principle he could not accept. He could not agree that the Court could "supervise the execution of the Protocol by deciding whether certain methods of colonial ad-

ministration were or were not the best suited to secure the objects of the Protocol. Moreover, the Court in that case would have to organize a colonial enquiry and investigation section. . . " (Records of the Sixth Assembly, Spec. Supp. No. 39, p. 35.) The final convention confers the customary jurisdiction upon the World Court, but according to the Sixth Committee this "imposes no new obligations on the Members of the League of Nations which have signed the optional clause of the Statute of the Fermanent Court of International Justice" (Records of the Seventh Assembly, Spec. Supp. No. 44, p. 417).

<sup>74.</sup> Cf. p. 423.

<sup>75.</sup> U. S. Department of State, Treaty Series, No. 778. Cf. p. 421.

<sup>76.</sup> Apparently as a result of this convention, a number of governments, such as Abyssinia, Sierra Leone, parts of India, Portuguese Bast Africa and Angola, have promulgated new legislation in regard to slavery, the slave trade and forced labor. Cf. "The United States and the Saint Germain Treaties," Foreign Policy Association, Information Service, Vol. IV, No. 22, p. 435.

conventions they have ratified to their colonies, protectorates and possessions, (1) except where, owing to local conditions, a convention is inapplicable, or (2) subject to such modifications as may be necessary to adapt the convention to local conditions. Hitherto there have been only a few cases in which labor conventions have been applied to colonies, apparently because the conventions so far have been aimed to meet conditions in more developed countries. In 1922 the Governing Body of the International Labour Office asked the Diplomatic Division of the Labour Office to collect information on native labor questions, and in 1926 it established a Native Labour Section. under the direction of the late Mr. Grimshaw. As the resolution of the 1926 Assembly implied, it was believed that while the League might define general principles as in the Slavery Convention, the International Labour Office was best fitted to work out the details of any forced labor agreement.

## I. L. O. COMMITTEE ON FORCED LABOR

In May 1926 the Governing Body appointed a Committee of Experts on Native Labour. This committee decided to study first the question of compulsory labor, and then the question of labor contracts. At the first session of this committee (July 1927) an exhaustive draft report prepared by the Native Labour Section of the International Labour Office was examined. This report dealt with the law and practice relating to forced labor, the effects of such labor and the necessity for regulation. Chapter VII laid down certain principles which it was hoped governments might adopt. The Committee of Experts77 discussed this report, and after considerable alterations finally approved the principles set out in Chapter VII.

These principles may be summarized as follows:

I. Criteria Justifying Recourse to Forced Labor, and the Authority Responsible for its Imposition.

The necessity in any particular case of recourse to forced labor should be judged, it was agreed, by the following criteria:

 The necessary and public character of the service rendered....

- 2. Its actual or imminent necessity.
- 3. The impossibility of obtaining voluntary labor.
- That work which involves the use of forced labor should only be undertaken after consideration whether it would lay too heavy a burden upon the present generation.

It was also agreed that in all cases responsibility for any recourse to forced labor should rest with the competent central authorities of the territory concerned.<sup>78</sup>

II. Forced Labor for General Public Purposes.

The committee recognized that cases of emergency, such as fire, flood and famine, justified recourse to forced labor at the discretion of the administration. As far as important public works, such as railway construction, are concerned, the committee believed the following safeguards should be established: that women, children, the aged and the physically unfit should not be requisitioned: that adult males should be medically examined beforehand: that from any given community there should not be taken for forced labor more than a certain proportion of the resident adult male population:79 that while under compulsory employment the laborers should be given periodic medical examinations; that the place of work should be adequately equipped with medical services; that suitable food and housing should also be provided; and that when natives are transferred under compulsion to work in a district with a radically different climate, all possible measures to mitigate the effect of the change should be taken.

Finally, it was declared that certain guarantees as to the length of compulsory service should be given. By a vote of five to three, with three abstentions, the Committee of Experts agreed that the period of compulsory forced labor for essential public purposes should not normally exceed 60 days in the year, and that in cases where labor is to be brought from a considerable distance, it should not exceed six months; that the normal working day should not ex-

<sup>77.</sup> I. L. O., Forced Labour, p. 5.

<sup>78.</sup> As in the Slavery Convention, p. 421.

<sup>79.</sup> I. L. O., Forced Labour, p. 263.

<sup>80.</sup> The report states that "between forced labor of unlimited duration and slavery there may be a legal distinction. But the practical analogy is very close." *Ibid.*, p. 267.

ceed eight hours and the working week 48 hours: that piece work should be encouraged; and that forced labor should be given "adequate remuneration." The committee defined this phrase to include the following principles: (1) wages should be paid at the ruling rate for similar work in the district: (2) the days necessary to travel to and from the working place should be paid for; (3) no deductions should be made for special food, clothing, or accommodations; and (4) overtime should be paid at rates higher than the normal rates.

Moreover, it was agreed that the administration should make provision for workmen's compensation in cases of incapacitation. The committee also believed that forced labor should be reduced to a minimum during those periods when natives plant their fields and that the administration should facilitate the return of forced workers to their homes at the end of the period of forced labor and that labor inspectors should see that regulations governing the conditions of forced labor are applied.

As far as porterage is concerned, the committee believed that additional guarantees should be given. Thus the maximum load to be carried should be defined. Porters recruited by force should not be taken more than four days' march from their village. A man should not be compelled to act as porter more than 25 days a year, and this period should be deducted from the total fixed for forced labor. The administration should not furnish forced porterage for private persons.

In regard to compulsory cultivation, the committee believed this should be permitted when cultivation is designed as a precaution against famine or a deficiency in food supplies. The food produced should remain the property of the producer.

III. Forced Labor for Local Public Purposes.

The committee declared that forced labor for local public purposes does not lead to the same social evils as forced labor transported a long distance. Nevertheless, to prevent abuse, it believed it desirable to define what was meant by "local" purposes. It declared that all minor services, such as keeping village paths clean, are normal obligations of the village and are not in the same category as compulsion for local public works. When governments resort to compulsion for the latter purpose they should follow the general restrictions as to hours of labor, days of service and remuneration described above.81

IV. Forced Labor for Private Purposes.

The committee declared that "no Administration or other authority should by its legislation or other measures authorise forced labor for the benefit of private individuals, companies or other entities than the general community. Where such forced labor exists, every effort should be made to bring it to an end as soon as possible."82

The committee also declared that the "Administration should not permit its officials to put constraint upon the populations under their charge to work for private employers." It failed, however, to adopt any such resolution as did the Temporary Slavery Commission,83 pointing out the danger of having the administration give "encouragement" to natives to seek employment.

In addition to approving these and other principles, the committee at its first session adopted resolutions (1) asking that the International Labour Office publish complete information concerning native labor, (2) asking that the question of forced labor be considered by the International Labour Conference at an early date, and (3) declaring that in the opinion of the committee all forced labor should cease at the earliest possible moment.84

At its second session, in December 1928, the Committee of Experts discussed a draft questionnaire. asking the governments whether or not the principles recommended by the committee should be adopted by the International Labour Conference.85

## THE 1929 CONFERENCE

The question of forced labor was placed upon the agenda of the International Labour Conference, which met in June 1929. The workers' delegates to this conference included natives from Tunis and the Dutch

<sup>81.</sup> These principles would seem to condemn the French prestation system; cf. p. 411.

section system; ct. p. 211.

82. Some members wished to abolish such forced labor at once. I. L. O., Forced Labour, p. 287.

83. Cf. footnote 67. Practically all the above principles were embodied in the final questionnaire.

I. L. O., Forced Labour, p. 307.
 For the text of the draft questionnaire, cf. Ibid., p. 297.

East Indies. The question of forced labor was discussed at two sittings, following which it was decided to refer it to a committee on forced labor.86 The latter debated the draft questionnaire during eleven sittings, adopting it after a number of changes were made. Some of the changes seemed to strengthen the restrictions upon the use of forced labor.87

During the committee debates, the workers' group moved a number of amendments which were not accepted. Consequently M. Léon Jouhaux, on behalf of the workers' group, presented a minority report to the plenary conference, declaring that while the aim of the organization should be the suppression of forced labor, the proposed questionnaire provided for a "kind of codification."88 The workers' group demanded specifically: (1) an adapted form of the right of association for natives in the colonies-in its opinion an essential guarantee of protection against forced labor; (2) the 8-hour day and 48-hour week; (3) deprecation of resort to indirect means of forcing natives into employment, particularly by taxation; (4) abolition of forced labor on behalf of chiefs; and (5) the creation of a permanent committee on native labor in connection with the International Labour Office. which should study the annual reports of the powers relating to the application of the forced labor convention in accordance with Article 408 of the Treaty of Versailles. It was suggested that this committee should hear petitions from natives and others in regard to the observance of the forced labor convention.89

This latter provision was opposed by the government delegates of Liberia (and Nicaragua), Great Britain and Portugal, on the ground that such a committee would "control the internal policy of a state."90 Herr von Rechenberg of Germany declared that "if it is meant to set up a Committee with powers similar to the Mandates Commission there would be little objection. . . . "91 The workers' group agreed to modify their proposal so as merely to create a permanent committee of experts on forced labor in connection with the Labour Office. The suggestion was thereupon carried by a vote of 59 to 49.92

## THE FORCED LABOR **OUESTIONNAIRE**

The questionnaire, as finally amended, which proposed the adoption of a convention thus narrowly circumscribing the use of forced labor, was adopted; and by a vote of 101 to 15 it was decided to place the question of forced labor on the agenda of the 1930 International Labour Conference. The questionnaire will now be sent to each of the governments for their observations. Upon the basis of their replies the International Labour Office will draft a convention which will be communicated to each government three months before the 1930 session. If this session adopts the convention,93 it will then be open to ratification.

If a convention is adopted embodying the principles suggested in the draft questionnaire, compulsory labor for private purposes will become illegal, and compulsory labor for public purposes will be subjected to much more severe restrictions than exist in the mandated territories.

## FRENCH OPPOSITION

Whether or not the leading colonial powers will ratify the labor convention is not known. Certain circles in France, for example, have expressed uneasiness at this movement. Various French Chambers of Commerce have passed resolutions condemning the proposed convention. Le Temps asks if "in these matters international control will not be more of a nuisance than of value." The rights of sovereignty, it warns, should not be infringed upon.94 M. Alexandre Varenne has stated that "it is not

International Labour Conference, Provisional Record of the Twelfth Session, No. 7, June 3, 1929.

the Twelfth Session, No. 7, June 3, 1929.

87. Thus amendments were adopted to the effect that forced laborers should not be required to work underground, and that compulsory labor should be exacted only for the "important direct" interest of the community. It should not be imposed on a community as a form of "collective punishment." The Belgian attempt to have the principle of compulsory cultivation sanctioned was defeated. On the other hand, the provision for the 8-hour day and 48-hour week was stricken out on the ground that in tropical countries these restrictions were not imposed even for the benefit of voluntary labor. Ibid., No. 20, June 15, 1929, p. XXV ff.

88. Ibid. D. IXXII.

<sup>88.</sup> *Bid.*, p. LXXII.
89. *Ibid.*, No. 22, p. 387.
90. *Ibid.*, No. 31, Speech of the delegate for Liberia and Nicaragua, p. 537.

<sup>91.</sup> Ibid., No. 23, p. 442.

29. Ibid., No. 31, p. 554. The conference adopted the proposed amendment concerning the right of association, and the 8-hour day; and adopted an amendment tending toward the abolition of forced labor for chiefa.

93. For the leading articles of the draft questionnaire, ct. 9426; also I. L. O., Fourteenth Session, 1830. Forced Labour,

Questionnaire I.

94. It states that there should be no interference with the French prestation system or with the labor armies in Madagascar and French West Africa. "Le travail obligatoire aux colonies," Le Temps, May 28, 1929.

 draft questionnaire. He asserts that States who are jealous of the colonial powers have seized an opportunity of raising the colonial question at Geneva. The "most menaced" powers are Belgium, Spain, France and Portugal.<sup>97</sup>

A sarcastic view has been expressed by a Belgian colonial journal which asks if the International Labour Office will send a gendarme to each native tribe.<sup>98</sup>

If these comments reflect official views, it is by no means certain that the proposed convention on forced labor will go into effect.

#### APPENDIX

## **EXTRACTS FROM INTERNATIONAL LABOUR CONFERENCE QUESTIONNAIRE**

 Do you consider that the International Labour Conference should adopt a Draft Convention, the object of which is to suppress the use of forced or compulsory labour in all its forms?

If so, do you consider that a period of transition is necessary before such suppression can be fully carried out?

If you do not consider it possible to adopt a Draft Convention, the object of which would be to suppress the used of forced or compulsory labour in all its forms, or if you consider that suppression is possible, but that a period of transition is necessary:

Do you consider that the International Labour Conference should adopt a Draft Convention the object of which would be to limit and regulate the use of forced or compulsory labour?

- 2. Do you consider that such a Convention should be drafted in such a way that its ratification by a State should imply, for the colonies and protectorates of that State, the application of the Convention without the reserves or modifications provided for in Article 421 of the Treaty of Peace?
- 3. Do you agree with the following definition of forced or compulsory labour for the purposes of such a Convention:
- "All work or service which is exacted from any person under the menace of any penalty for its non-performance and for which the worker does not offer himself voluntarily?"....
- 6 (a) Do you consider that the authority responsible for any recourse to forced or compulsory labour should be an authority of the metropolitan country, or, when that is not possible, the highest central authority in the territory concerned?
- (b) Do you consider that, where higher authorities delegate to subordinate authorities the right of

authorising forced labour for local public purposes, this practice should cease? . . . .

- 7. Do you consider that the competent authority, before permitting any recourse to forced or compulsory labour, except the compulsory labour mentioned in Question 12, should be satisfied:
- (a) that the work to be done or the service to be rendered is of important direct interest for the community called upon to do the work or render the service;
- (b) that the work or the service is of present or imminent necessity;
- (c) that it has been found impossible to obtain voluntary labour for carrying out the work or the service by the offer of the rates of wages ruling in the area concerned for similar work or service; and
- (d) that the work or service under consideration will not lay upon the present population concerned too heavy a burden, having regard to the labour available and its capacity to undertake the work?
- 8. Do you consider that in no case whatever should the competent authority impose or permit the imposition of forced or compulsory labour for the benefit of private individuals, companies, or other entities than the community?

Are you of opinion that where such forced or compulsory labour exists, every effort should be made to bring it to an end as soon as possible?

Are you further of opinion that a time limit for such abolition should be fixed, and if so, what time limit would you propose?

9. Do you consider that, where forced or compulsory labour is demanded by chiefs who exercise

27, 1929.

<sup>95.</sup> Comment Nous Comporter Envers les Populations Noires de Notre Domaine Africain, Comité National d'Etudes Sociales & Politiques, p. 7.

<sup>96.</sup> Quoted in L'Essor Colonial et Maritime, July 11, 1929, p. 21. For Deputy Candace's attack, cf. Journal des Débats, December 20, 1929, p. 985.

<sup>97.</sup> He also states that "the prosperity of the United States depends upon the conquest of new markets for American products." He blames the American universities for preaching the ideal of international control. R. Millet, "L'internationalisation des colonies," L'Afrique Française, July 1929, p. 309.

98. "Commentaires," L'Essor Colonial et Maritime, June

administrative functions in consequence of traditional rights, this practice should be abolished as soon as possible, and that, until it is abolished, Administrations should ensure that such labour should be directed to public purposes and that the conditions under which it is carried out should be regulated in the same manner as is work of a similar nature done under the compulsion of the administrative authority?

- 10. Do you consider that whilst it is the duty of officials of the Administration to encourage the populations under their charge to engage in some form of labour, they should not be permitted to put constraint upon them to work for private employers?
- 11. Do you consider that no concessions granted to individuals or companies should permit any form of compulsion for the obtaining of the products which such individuals or companies utilise or in which they trade; and that, where such concessions already exist, (a) they should not be renewed except in such a way as to terminate any arrangements of this kind, and (b) every effort should be made to change, in the same way and as early as possible, existing concessions which are not yet due for renewal?
- 12. Do you consider that, where forced or compulsory labour is demanded as an equivalent to or a substitute for a tax, this practice should be abolished as soon as possible, and that until it is abolished the competent authority should be satisfied:
- (a) that the work to be done or the service to be rendered is of important direct interest for the community called upon to do the work or render the service?
- (b) that the work or service is of present or imminent necessity?
- (c) that the work or service under consideration will not lay upon the present population concerned too heavy a burden having regard to the labour available and its capacity to undertake the work?
- (d) that the workers while performing their work remain in the neighbourhood of their homes?
- (e) that the execution of the work or the rendering of the service shall be directed by the local authorities in accordance with the exigencies of religion, social life and agriculture?
- 13 (a). Do you consider that in any area where forced or compulsory labour still exists, complete and precise regulations should be adopted, in so far as this has not already been done, in regard to the organisation of this labour, and that such regulations should provide for the compiling and recording of statistics concerning it, in particular as regards the organisation of work and the hours of work and the method of payment of wages?
- (b) Do you consider that in any territory where forced labour exists the legal provisions or admin-

- istrative orders governing its application should be printed (and freely exhibited) by the competent authority in such one or more native languages as will convey its import to the workers concerned and the population from which the workers are to be drawn; and that copies of such printed matter should be made available, at cost price, to the workers or others?
- (c) Do you consider that a definite procedure should be established to allow forced workers, as well as all other native workers, to present all their complaints relative to the conditions of labour to the authorities and to negotiate concerning them?
- 14. Do you consider that the duties of any existing labour inspectorate which has been established for the inspection of voluntary labour should be extended to cover the inspection of forced labour, and that, in the absence of such an inspectorate, other adequate measures should in all cases be taken to assure that the regulations governing the employment of forced labour are strictly applied?
- 15. Do you consider that the illegal exaction of forced labour should be punishable as a penal offence, and that the penalties should be really adequate?
- 16. Do you consider that only adult males of not less than 18 years of age should be called upon for forced or compulsory labour, subject to the following limitations and conditions:
- (a) Prior determination by a Government medical officer that the persons concerned are not suffering from any contagious disease and that they are physically fit for the work required and for the conditions under which it is to be carried out;
- (b) Exemption for persons already bound by a contract of employment;
  - (c) Exemptions for school teachers and pupils;
- (d) The maintenance in each community of the number of adult able-bodied men indispensable to family and social life;
  - (e) Respect for conjugal and family ties?
- 17. Do you consider that from any given community no more than a fixed proportion of the resident able-bodied males should be taken at any one time for forced or compulsory labour which entails their sleeping away from their homes?
- Do you consider that this proportion should be regulated according to the seasons and the work which must be done by the persons concerned on their own behalf in their locality, and, generally speaking, that the economic necessities of the normal life of the community in question should be respected? . . . .
- 18. Do you consider that the normal maximum period for which any individual may be taken for forced or compulsory labour of all kinds should not exceed 60 days in any one period of 12 months, including the time spent in travelling to and from work,

or in exceptional cases where workers have to be brought from a considerable distance, 6 months in any one period of 24 months, it being understood that in this period will be included the time employed in the work contemplated in Question 12, and that any two such periods occurring in consecutive terms of 24 months should be separated by an interval of at least 3 months?

In cases where workers have to be brought from a considerable distance, do you consider that the individual worker who has served in any one year for a longer period than the normal maximum of 60 days fixed above, or than any lower maximum which may be fixed, should be exempt from further forced or compulsory labour for a number of years equal to the number of times the normal maximum which he has so served?

Do you consider that the normal maximum period for which any individual may be taken for the work or service contemplated in Question 12 should not exceed 30 days in any one period of 12 months?

19. Do you consider that forced workers should not, except in cases of special necessity, be transferred to districts where the food and climate differ so considerably from those to which they have been accustomed as to endanger their health?

Do you consider that in no case should the transfer of workers be permitted unless all necessary measures for the accommodation and health of the workers can be strictly applied?

When such transfer cannot be avoided, do you consider that, on competent medical advice, measures of gradual habituation to the new conditions of diet and of climate should be adopted?

Do you consider that, in cases where forced workers are required to perform regular work to which they are not accustomed, measures should be taken to assure their habituation to it, especially as regards progressive training, the hours of work and the provision of rest intervals, and the increase or amelioration of diet which may be necessary?

20. Do you consider that the normal working hours of forced workers should not exceed eight per day and forty-eight per week, and that the hours worked in excess of these should be remunerated at rates higher than the rates for the normal working hours?

Do you consider that a weekly day of rest should be provided for and that this day should coincide as far as possible with the day fixed by tradition or custom in the territories or regions concerned?

21. In the case of forced transport workers, do you consider that the normal daily journey should correspond to an average eight-hour working day, it being understood that account shall be taken not only of the distance covered, but also of the nature of the route, the season of the year, the weight to be carried and all other relevant factors, and that where hours of journey in excess of eight per day

are exacted they should be remunerated at rates higher than the normal rates?

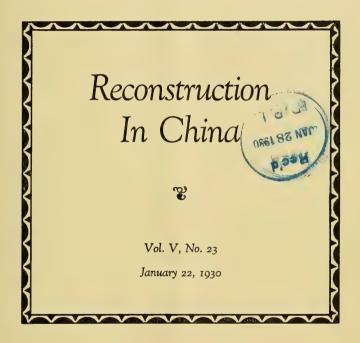
- 22. Do you consider:
- (a) that forced or compulsory workers, including transport workers, should in all cases be paid in cash at rates not less than those ruling for similar kinds of work either in the district in which they are employed or in the district from which they are recruited, whichever may be higher?
- (b) that the wages should be paid to the workers individually and not to their tribal chiefs or other authorities?
- (c) that the days necessary for travelling to and from the workplaces should be counted for the purpose of payment as working days?
- (d) that deductions from wages should not be made either for the payment of taxes or for special food, clothing or accommodation supplied to the worker for the purpose of maintaining the worker in condition to carry on his work, nor for the supply of tools?...
- 25. When recourse is had to forced or compulsory labour for the transport of persons or goods (porters, boatmen, etc.) do you consider that the competent authority should promulgate regulations determining, inter alia, (a) only adult males, medically certified where medical examination is possible, to be physically fit, shall be employed on this work, (b) the maximum load, (c) the maximum distance from their homes to which these workers may be taken, (d) the maximum number of days per month or other period for which they may be taken, (e) the persons entitled to demand this form of forced labour and the extent to which they are entitled to demand it?....
- 26. Do you consider that recourse should be had to compulsory cultivation solely as a method of precaution against famine or a deficiency of food supplies, and always under the condition that the food or produce shall, in lieu of wages, remain the property of the individuals or the community producing it? . . . .
- 27. Do you consider that "collective punishment laws" under which an entire community may be punished for misdemeanours committed by some of its members should contain no provision for forced or compulsory labour by the community as one of the methods of punishment?
- 28. Do you consider that forced labour should not be used for work undeground?
- 29. Do you consider that it would be advantageous to creat a permanent committee of experts on forced labour in connection with the International Labour Office?

Do you consider that the reports made in virtue of Article 408 on the Convention concerning forced labour should be sent to this committee?

Do you consider that this committee should be charged with the study of other problems created by forced labour?

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# RECONSTRUCTION IN CHINA

by

## T. A. BISSON

with the aid of the Research Staff of the Foreign Policy Association

# INTRODUCTION

T IS the spectacular political aspect of the Chinese situation that usually catches the Western eye. Behind the political kaleidoscope, however, more basic economic and intellectual forces are at work molding what will in fact be the new China. City walls are torn down to make way for modern highways, even while aviation and radio are transforming older methods of communication: the ancient guilds are disintegrated by the cheaper products of Western industry, and a labor proletariat develops in the cities; a literary revolution scraps an elegant classical language, and thousands of illiterates are taught to read and write in the tongue they speak. These and similar transformations in all phases of Chinese life are taking place in spite of political instability.

It is upon the Nanking government's contributions in this sphere that a judgment as to the adequacy of its reconstruction achievements must be based. Its undoubted contributions have been made at the cost of the alienation of powerful military leaders. and the ruthless suppression of the radical labor, peasant, and student elements. Much of the driving spirit and sacrificial zeal of the revolutionary years 1926-1927 has been dissipated with the failure of the various nationalist groups to cooperate on a united program. It is significant that Mrs. Sun Yat-sen, herself a member of the Soong family that controls the present régime. maintains an intransigeant opposition to the Nanking dictatorship. She writes: "I have noticed nothing but the wanton killing of tens of thousands of revolutionary youths who would one day replace the rotten officials. Nothing but the hopeless misery of the people, nothing but the selfish struggling of the militarists for power, nothing but extortionate taxes upon the already starving masses. . . . I do not demand the absurd, but I do demand that you all stop raising your standard of living." While there are undoubtedly other things to be noticed, yet Mrs. Sun gives voice to the opinion prevailing among large numbers of politically conscious Chinese that the reconstruction achievements of Nanking herein set forth must be buttressed by a more thoroughgoing application of the social principles of Sun Yat-sen.

# FAMINE

Nanking faces its most urgent reconstruction problem in the famine now prevailing in the northwest. During the summer of 1929 an American Red Cross delegation, headed by Mr. Ernest P. Bicknell, investigated conditions in China's famine areas. The preamble to the report drawn up by this delegation asserts that "the failure of food supply was not primarily due to natural causes." The body of the report then enumerates seven responsible causes: continued civil strife, paralysis of transportation facilities, ubiquitous and unchecked banditry, excessive taxation, lack of highways and other means of communication, unparalleled overpopulation, and natural causes, such as drought, floods and locusts. Acting on this report, the central committee of the American Red Cross on September 27 decided against entering upon famine relief in China.1 This decision called forth a statement on November 6 by the China International Famine Relief Commission, long active in famine prevention in China, giving its reasons for

Cf. The Week in China, October 26, 1929, p. 875-88 for text. Cf. the New York Times, September 28, 1929, for full summary.

continued appeal to the American people for relief funds.<sup>2</sup> The commission's statement questions the emphasis of the Red Cross report upon the political rather than the natural causes of the famine, as well as its minimizing of the urgency of the need for relief.

The statement reads in part:

"In its actual administration of relief, the China International Famine Relief Commission has received the cooperation of the Chinese authorities to the fullest extent. In spite of the disturbed conditions, the relief work has gone forward without interference by bandits or others. The total losses even indirectly chargeable to the disturbed conditions have amounted to less than Mex. \$800 (Gold \$400) in a total of relief supplies and money distributed of over

\$2,000,000 (Gold \$1,000,000).... The Mex. Red Cross delegation's report speaks of the rains having come in part of the famine area, and of the consequent lessening of the famine territory. Unfortunately, the delegation's report did not refer to the continuation of the drought and the floods and early frosts in the rest of the area, and the consequent increase in the severity of the need there. The territory still in large parts without adequate crops is approximately 450,000 square miles in extent. Its population is approximately 30,000,000. Of these people, a large proportion are almost or quite utterly destitute, and will remain so except for relief from outside at least until late in June, 1930. In area and number of people affected, even what remains of the present famine is a much more serious catastrophe than the famine of 1920-21, for relieving which the American people gave so generously."3

#### FINANCE

(All figures in Mexican dollars, averaging 50 cents gold, unless otherwise noted.)

The proposals of the National Financial Conference,4 convened at Nanking by the National Ministry of Finance on July 1, 1928, were adopted in August by the Nanking government and embodied in the program of the Ministry of Finance for the fiscal year of 1928. Its chief points called for (1) improvement of national credit by continued payment of the secured domestic and foreign loans of previous Peking administrations, and consolidation of the unsecured loans after investigation by a Loan Readjustment Commission; (2) improvement of taxation by the preparation of a new national tariff schedule to go into effect January 1, 1929, and by the institution of a national consumption tax whose proceeds were to be remitted to the provinces by the Minister of Finance in return for the abolition of all internal transit taxes (likin) before the end of December; (3) adoption of a national budget, unification of finances, and limitation of the army to 500,000 men with an annual military expenditure of \$192,000,000; (4) establishment of a sound

banking system, and reform of the currency. Since the formulation of this comprehensive program, the Nanking government has partially succeeded in putting into effect these vital measures of financial reconstruction.

#### PUBLIC DEBTS

A complete and accurate statement of China's public debts is a practical impossibility. The country's national obligations have been accumulating since the downfall of the Manchu régime, until they now form a complicated web of secured and unsecured loans. A recent estimate placed China's total foreign obligations at \$2,056,555,000.5 China's domestic obligations, outstanding on September 1, 1929, totalled another \$505,406,981.5 These sums represent the secured public debts of China's central governments contracted over the period since

<sup>5.</sup> Cf. China Monthly Trade Report (U. S. Department of Commerce), September 1929, p. 10. The loans were distributed as follows:

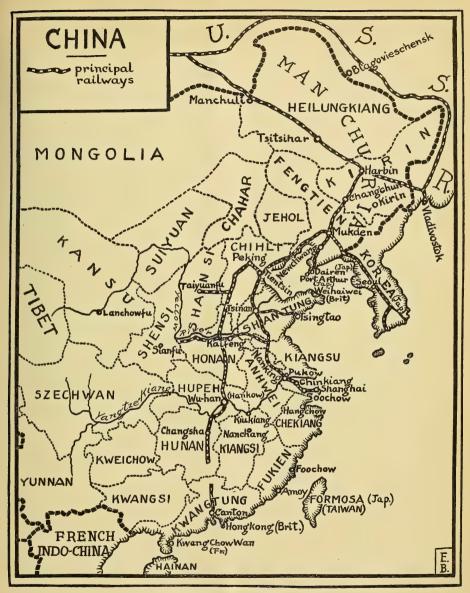
lows;	
Japan\$	511,824,000
	461,505,000
Russia	290,605,000
France	231,488,000
Germany	179,281,000
United States	127,260,000
Italy	123,013,000
Belgium	108,813,000
Netherlands	16,679,000
Denmark	4,162,000
Other nations	1,925,000
_	
Total \$2.	056,555,000

Of this sum, \$207,077,926 was contracted by previous Peking administrations, and \$289,829,055 (in addition to \$8,500,000 on special municipal issues) by the present Nanking government. Cf. The Far Eastern Review, September 1929, p. 397-400.

<sup>2.</sup> Cf. The China Weekly Review, November 23, 1929, p. 445-46 for text.

<sup>3.</sup> Cf. also the New York Herald Tribune, October 6, 1929, for a refutation of the Red Cross report, issued by Dr. J. Grangess, Professor of Sociology at Yanching University, Dr. Burgess points out that despite the meagre amount subscribed in America, the China International Famine Relief Commission has with this money afforded relief to several hundred thousand Chinese at an average cost of sixty cents per month per person.

<sup>4.</sup> Cf. Chinese Economic Journal, September 1928, p. 763-73



CHINA AND ITS PROVINCES

the Boxer Indemnity was levied in 1901; they do not include unsecured loans, or loans separately negotiated by the provinces.

China's foreign debts were incurred by the Manchu government and succeeding Peking governments. The secured foreign obligations, including the Boxer Indemnity, are for the most part served by the revenues of the Chinese Maritime Customs, an institution largely administered by foreigners under the supervision of the Chinese Ministry of Finance. In August 1929 Inspector-General F. W. Maze of the Customs Service announced that the treaty ports throughout China were regularly remitting their total customs revenues into his hands at Shanghai. Here the funds were first applied to the service of the loans secured on the customs, and the balances then held for disposal according to the order of the Minister of Finance of the Nanking government.7

A number of foreign loans secured on the salt tax and other internal revenues have fallen into arrears during the last two or three years. As a result of reforms effected in the Salt Gabelle by the Ministry of Finance, the Nanking government has recently begun to meet the regular payments falling due on the salt loans; and on September 18 the Minister of Finance, Mr. T. V. Soong, announced that the arrears on the Anglo-French Loan (1908), the Hukuang Railway Loan (1911), and the Crisp Loan (1912) would be made up in accordance with a definite schedule of payments.

Various unsecured foreign loans, the total amount of which is in dispute, have in the past caused much international controversy. In particular China disputes the majority of the so-called Nishihara loans, secretly negotiated in 1918 without adequate security by a corrupt Chinese government. These loans were supplied by a number of Japanese banks backed by the Japanese government. The Nanking government has in principle recognized the unsecured loans of previous

Chinese government; while reserving the right to investigate each case on its merits and thereupon determine the proper steps for liquidation.

Similar problems are raised by China's domestic loans contracted by various Peking administrations. The majority of these loans are adequately secured, and payments are being regularly met by the Nanking government. Since 1922, however, payments on a number of these internal issues have fallen into arrears. The amount of the unsecured domestic loans is in dispute, and the readjustment of these obligations must await further investigation.

In the handling of its own domestic loans, contracted since May 1927, the Nanking government has scored one of its outstanding successes. These loans have been secured chiefly on the increased customs duties,11 the income from which is paid into a sinking fund controlled by a Board of Trustees largely consisting of responsible Chinese business men. The board gives monthly notice to the press of the respective amounts of sinking funds received and paid, and also publishes a quarterly statement of the findings of a chartered accountant engaged to check up the amount of cash in the vaults, and to examine the bonds and accounts. The Nanking government has paid the operating expenses of the board, and adopted such measures as the board has recommended to make the sinking funds more secure. Not a cent of the principal or interest of these Nanking government domestic issues has yet been defaulted.12

A Loan Readjustment Commission for the domestic and foreign obligations of China was organized early in 1929, and held its first business meeting at Nanking on July 26. At this meeting the commission requested the various Ministries to nominate technical experts to the commission for the examination of their respective loans. At the same time the commission assumed custody of the

<sup>7.</sup> Cf. Chinese Economic Bulletin, August 10, 1929, p. 76. The customs revenue for 1929 totalled 152,000,000 taels (about \$75,584,000 gold). This is an increase of \$2,000,000 taels (about \$42,394,000 gold) over 1928, and is due chiefly to the new Chinese tariff made effective on February I, 1929. Cf. the New York Times, January 3, 1930.

Cf. Far Eastern Information Bureau Bulletin, October 15, 1929, p. 2-4, for statement by Mr. T. V. Soong.

<sup>9.</sup> Cf. A. Morgan Young, Japan in Recent Times, p. 99-102, for a list of these loans, and for details of their negotiation.

<sup>10.</sup> The total amount overdue on these issues on September 1, 1929 was \$92,566,256. Cf. The Far Eastern Review, September 1929, p. 398.

<sup>11.</sup> Upon the abolition of *likin*, certain foreign loans may claim a prior lien on these increased customs revenues. Cf. Foreign Financial News (U. S. Department of Commerce), Special Circular No. 322,

<sup>12.</sup> Cf. China Monthly Trade Report, July 1928, p. 18-20; also August 1929, p. 29-32.

funds in the Central Bank of China appropriated monthly by the Nanking government from the increased customs revenues for the specific purpose of debt readjustment.<sup>13</sup>

#### TAXATION

In a statement concerning taxation policy made in April 1928, Mr. T. V. Soong set forth the basic principles of the Nanking government's program and enumerated some of the difficulties encountered in putting it into effect.<sup>14</sup>

"Briefly stated, our policy requires: (1) taxation at the source; (2) evenness of taxation; (3) consolidation of taxes on the same commodity; (4) elimination of leakage; (5) strict accountancy...

"The first principle of taxation for any government is that a tax once levied on a commodity shall be applied without respect to persons. There have been many suggestions that we tax goods manufactured by Chinese companies at one rate and goods manufactured by foreign companies at another rate. The Ministry of Finance has resisted such proposals as inequitable, as harmful to trade, and as an impairment of the very object of the tax, which is to raise revenue for the government without destroying industry...

"It is our object to eliminate leakage in the collection of taxes, to cut down the overhead, to reduce smuggling to a minimum, and to make it possible for the government to receive the whole of the amount collected from the people... Unfortunately, the vested interests, who know the ropes and exert local influence, are everywhere against us, while the younger men whom I am employing in my Ministry must gain experience and must create public confidence in themselves. Some are easily discouraged. Some slip back into the ways of the mandarin, because it is the line of least resistance....

"We propose to consolidate taxes, so that throughout Nationalist territory... one tax will be paid on goods, and those goods will be able to travel everywhere without being taxed again.... That means that the Ministry will collect a single tax, and that the goods will pass freely on the Ministry's documents or stamps....

"We believe that our policy is inherently sound and that if applied equitably and honestly, it will result in an increase in revenues, while, at the same time, trade will be relieved of vexatious impediments."

13. Cf. Chinese Economio Bulletin, August 17, 1929, p. 88-89. Over \$20,000,000 from the customs surplus was appropriated for this purpose from May to September 1929. Cf. China Monthly Trade Report, November 1929, p. 9.

Owing to the local power of the regional military leaders, Mr. T. V. Soong has met with considerable difficulty in putting this progressive policy into effect during the year and a half that has elapsed since its announcement. Nevertheless, certain of the reforms have been accomplished. An effective consolidation of the cigarette and petroleum taxes has been achieved, largely owing to the cooperation of the large companies and the comparative lack of small companies. Reforms effected by the Ministry of Finance in the Salt Gabelle have made possible provisions for the repayment of certain defaulted foreign loans secured on the salt tax, as already stated.15 In September 1929 Mr. T. V. Soong stated that fixed quotas from each Salt Revenue District were being regularly remitted to the central offices of the Salt Gabelle.16 This achievement must be contrasted with conditions at the end of 1926, when almost the whole amount of the salt revenue was being retained by the local authorities.17

The reforms mentioned, however, must be considered as exceptions rather than as indications of general success. The attempt to abolish the internal transit dues (likin) in favor of national consumption taxes on a list of about twenty articles has largely failed. As a result, the Nanking government has been severely pressed for ready funds, the major part of its revenues during the past year having to be derived from the provinces immediately about Nanking, particularly Chekiang and Kiangsu. In addition, it has had to resort to the ruinous policy of mortgaging the surplus customs revenues accruing from the new tariff, by a series of domestic loans totalling over \$400,000,000. At the January disbandment conference, Mr. T. V. Soong stated that 45 per cent of the total receipts of the government for the half year from June to November 1928 came from such loans and bond flotations, while only 55 per cent were from revenues.18 These conditions resulted from the failure of the Nanking government to effect army limitation and financial unifi-

<sup>14.</sup> Cf. China Monthly Trade Report, May 1928, p. 16-19.

<sup>15.</sup> Cf. p. 432, footnote 8.

<sup>16.</sup> Far Eastern Information Bureau Bulletin, October 15, 1929, p. 3.

<sup>17.</sup> Cf. China Year Book (1928), p. 640.

<sup>18.</sup> Cf. The Week in China, February 9, 1929, p. 107.

cation, the sine qua non of reconstruction in China.

# ARMY LIMITATION AND FINANCIAL UNIFICATION

The Nanking government must be understood as a national organ set up for the convenience of its constituents—a half-dozen virtually independent regional militarists.19 The government's financial difficulties arise from the fact that it has been trying to administer the whole of China, while its military leader, Chiang Kai-shek, actually controlled only the provinces about Nan-The armies under the country's king. various military leaders total approximately 1,600,000 men, and are supported by such revenues as these leaders can lay hands on in their particular districts. In order to be able to institute a fiscal policy adequate to its needs, the Nanking government faced the problem of enforcing a drastic army reduction throughout China, and thus of securing control of the revenues locally appropriated by the sectional commanders. Chiang Kai-shek had the option of arranging a peaceable agreement with the major leaders. or of crushing them by military force. Both methods have been employed alternately, and the critical phases of China's internal politics during the past year can be summarized in terms of these alternations. The Disbandment Conference of January 1929 was followed by the Kwangsi revolt, and the August Disbandment Enforcement Conference by the revolt of Feng Yü-hsiang.

At the January Disbandment Conference, largely owing to the firm stand of Mr. T. V. Soong, a comprehensive plan was evolved whereby the group armies were to be proportionately reduced, and thereupon reorganized into a national army of 500,000 men controlled by a special committee of the chief commanders. In the budget for 1929 proposed by Mr. Soong, the expenditures for this national army were limited to the \$192,000,000 originally set by the economic and financial conferences of June and July 1928. The allotment of \$192,000,000 amounted to 41 per cent of the government's total estimated 1929 revenue of \$457,740,000 and 36 per cent of its estimated gross ex-

- "(1) That all national taxes shall be collected only by the agents of the Ministry of Finance, and the military and local authorities shall be strictly forbidden to detain any portion or impose surtaxes on any pretext whatever.
- "(2) That the Ministry of Finance shall have undivided control over the appointment of financial officers, and the administrative policy.
- "(3) That provincial and railway subsidies to the different armies shall now be remitted to the national treasury, which shall be responsible for payment of all military expenses.
- "(4) That all provincial gendarmerie or peace preservation soldiery shall be paid out of provincial revenues.
- "(5) That this conference shall definitely apportion the military allowance among the different military units, and prescribe in detail the procedure of payment to each of the units which should be followed by the Ministry of Finance."<sup>20</sup>

Events showed that the regional commanders would not so easily relinquish control of their armies and revenues. Within two months the central government was at war with the Kwangsi faction. Ironically enough, the sinews of war for this campaign were supplied the Nanking government by the \$50,000,000 troop disbandment loan that had been issued at the close of the January conference. Hopes for army limitation were rudely dispelled, and the proposed budget became a dead letter. Nevertheless, the successful issue of the struggle and the resulting elimination of the Kwangsi faction placed Nanking in virtual control of the armies and revenues of the larger part of the whole of central and south China.

The government now turned its attention to the two powerful military dictators of north China, Marshal Feng Yü-hsiang and Governor Yen Hsi-shan. In July a military crisis was fortunately averted,<sup>21</sup> and during August a Disbandment Enforcement Conference was held at Nanking. The increased

penditures of \$507,870,000, leaving a deficit in the national budget of \$50,130,000. This deficit Mr. Soong thought could be cleared up in the following year, provided that army limitation and the unification of finances were achieved. In this connection, the Finance Minister required the sectional leaders to grant five significant demands:

<sup>20.</sup> Cf. text of memorandum by T. V. Soong in The Week in China, February 9, 1929, p. 103-11.

<sup>21.</sup> Cf. Foreign Policy Association, Information Service, Vol. V, No. 17, cited, p. 306-07.

<sup>19.</sup> Cf. Foreign Policy Association, Information Service, "The Nanking Government," Vol. V, No. 17, p. 304-05.

power wielded by the government seemed to augur well for this second attempt at a peaceable agreement. Substantially the same program as that of the January conference was adopted, with one or two significant changes. Instead of proportionate reduction by independent commanders, a National Dishandment Commission was formed. which was to visit each of the six disbandment districts in turn, with the right to make final decision as to what troops should be disbanded. The question of finances was again uppermost. At the height of the conference Mr. T. V. Soong suddenly tendered his resignation and withdrew to Shanghai. He was persuaded to withdraw his resignation after a few days, but only upon the definite understanding that the Ministry of Finance would control the army reorganization expenditures in accordance with the budget that he had previously advocated at the January conference. The new disbandment program was scheduled to begin early in September, and was to reduce China's soldiery from 1,600,000 to 800,000 within three months. The sum allotted for the reorganized army payments was increased from the previous annual rate of \$192,000,-000 to \$226,080,000. The force thus provided for would still be the largest standing army in the world, absorbing over 50 per cent of the Nanking government's estimated budgetary revenues upon completion of financial unification. This conference also adopted a comprehensive scheme for the employment of the disbanded soldiers in government reconstructive enterprises.22 August 21, a set of regulations governing a Military Disbandment Loan of \$70,000,000 was passed by the Legislative Department toward meeting expenses to be incurred during the period of army reorganization.23

During the early weeks of September the National Disbandment Commission's activities brought realization of army reorganization for the first time within sight. Throughout China the sectional commanders and lesser generals of the group armies were meeting with the commission to decide on the troops to be disbanded and the units to be reorganized. The Shanghai bankers foresaw the coming storm, however, and re-

22. Cf. The Week in China, August 17, 1929, p. 648-51.

fused to subscribe to the \$70,000,000 disbandment loan, which they feared would again be used for purposes of war instead of disbandment. Their fears were well founded. The widespread revolts against Chiang Kai-shek that broke out in September have had the worst possible result -a stalemate. The central government has neither won nor lost, and is still (December 1929) impotent before a combination of the forces of the northern commanders. advances made during the summer months toward financial unification have been rudely interrupted. Large sums have been squandered that will necessitate further pledging of future revenue in the form of domestic loans. Army limitation has again become a dream, and the budget so strenuously advocated by Mr. T. V. Soong is more than ever a dead letter.

## THE BUDGET24

The National Budget Committee of the Nanking government State Council was reorganized in March 1929 into the Financial Advisory Committee with enlarged scope and membership. Although regular meetings of this committee have not been possible owing to the absence from Nanking of most of the members, over six hundred reports on the departmental, provincial, and local budgets of the 1929 fiscal year have been received and considered. Telegrams were sent out in August and September to all the provinces to hasten the preparation of their 1930 budgets for approval of the Central Government. By October 1929 most of the provinces had wired the committee announcing the completion of their new budgets.25 and the reports of Hupeh and Hunan had reached the Central Government. National Budget of China for 1929 as approved by the Financial Advisory Committee is as follows:26

<sup>23.</sup> Cf. Kuo Min News Agency report, August 21, 1929,

<sup>24.</sup> Cf. China Monthly Trade Report, October 1929, p. 15-16; also September 1929, p. 11-15.

<sup>25.</sup> Including Hupeh, Shensi, Honan, Kiangsi, Hopei (Chihli), Jehol, Chekiang, Fukien, Shantung, Kiangsu, Suiyuan, Kwangtung, Kwangsi, Hunan, and Shansi.

<sup>26.</sup> It is hardly necessary to state that this budget is completely nominal. The government's actual receipts are represented chiefly by the salt and customs revenues, which have largely gone to meet the loan obligations. Domestic loans and the Chekiang and Kiangsu provincial taxes have paid the government's actual running expenses, which bear no relation to the items of expenditure listed in the budget. As originally presented to the January Disbandment Conference by Mr. T. V. Soong, the budget differed slightly in the totals for some of the items, for which cf. The Week in China, February 9, 1828, p. 110.

#### **NATIONAL BUDGET FOR 1929**

D tota	
Salt Revenue	0110 270 000
Customs Revenue (including kerosene and gasoline tax)	\$116,570,000
Likin (including parcel post tax)	67.280,000
Wine and Tablese tox	47.040.000
Wine and Tobacco tax Revenue Stamp tax	12,920,000
Other receipts	12,570,000
Other receipts	12,010,000
	\$448,710,000
Deficit	
Dettett	. 55,100,000
Total	\$507.870.000
Expenditures	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Party (Kuomintang) Expenses	\$ 4.800,000
Administrative Expenses	95,420,000
Military Expenses	192,000,000
Local Allowances (for needy interior provinces of Yunnan, Kweichow,	,
Szechuan, Sinkiang)	41,230,000
Loan Obligations	155,990,000
Other Expenditures	18,430,000
Total	\$507,870,000

# BANKING AND CURRENCY<sup>27</sup>

A new Central Bank of China was formally opened at Shanghai by the Nanking government on November 1, 1928. It has a 30-year charter which may be extended by the government, and is administered by a Board of Directors, with the Minister of Finance as governor of the bank. Although the bank is controlled and operated by the Nanking government, both the Board of Directors and the Supervisory Committee consist largely of responsible Chinese business men. The bank is required to keep cash

reserves at 60 per cent and security reserves at 40 per cent of the total note issue, examinations of which are periodically conducted by the Supervisory Committee. By October 31, 1929, thirty-four examinations had been made by the committee and the results made public, showing in each case that the correct reserves were on hand.

On November 18, 1928, the Bank of China and the Bank of Communications were reorganized as semi-official auxiliaries of the Central Bank of China.<sup>28</sup> The relative status and special functions of the three banks may be illustrated thus:<sup>29</sup>

government treasury.

men. The bank is required to keep cash		be illustrated thus:29	
Name	Central Bank of China	Bank of China	Bank of Communications
Nature	Government bank	Semi-official bank of foreign exchange	Semi-official bank for industrial development
Authorized capital	\$20,000,000 Chinese currency, supplied by the government	\$25,000,000 Chinese currency; shares taken up by the government, \$5,000,000	\$10,000,000 Chinese currency; shares subscribed by the government, \$2,000,000
Special privileges and functions	To issue bank notes according to the national law governing note issue.     To mint and circulate coins of the national currency.     To act as government depository and fiscal agent of the government.     To act as agent of the national government in floating domestic and foreign loans and in under-	1. To issue and redeem government bonds abroad and pay interest thereof on behalf of the government.  2. To receive, pay and manage public funds abroad on behalf of the government.  3. To develop or aid towards developing China's foreign trade.  4. To act as part of	1. To issue or redeem loan bonds or debentures and pay interest thereof on behalf of public industrial organs. 2. To handle the revenue or expenditure in connection with communication enterprises. 3. To do such acts as would encourage or promote industrial pursuits. 4. To act as part of

government

ury.

treas-

taking the service of

such loans.

The Nanking government forces captured the region about Hankow from the Kwangsi rebels early in April 1929, and by late June the Kwangsi remnants in south China had also been suppressed. Steps to improve the demoralized banking conditions in these places were immediately taken. On April 25 the Hankow branch of the Central Bank of China was formally opened, following the remission of over \$4,000,000 from Shanghai. The Hankow branch of the Bank of Communications also resumed business during April. The Canton branch of the Central Bank of China was partially reorganized in the summer, as a result of large shipments of silver bullion and cash from the central treasury. About \$13,000,000 worth of bank-notes were withdrawn from circulation in Kwangtung province, considerably strengthening the note issues of the Canton Central Bank. The Nanking government during August also turned its attention to banking conditions in the north. The Tsinan branch of the Central Bank of China was formally inaugurated on August 15; and the Mukden branch was opened on September 1. In each case arrangements were made for more adequate security of note issues. The proceeds of a currency reform loan of \$24,000,000 are to be used in reorganizing the provincial bank of Shansi.

While repairs are being made on the large modern Shanghai mint, the Nanking government has kept the smaller mints at Nanking, Hangchow, Canton, and elsewhere in operation during 1929. The Shanghai mint, which is to be the single national mint, was scheduled to begin operations early in the year 1930. In the future all dollar coins will be made at this mint, which can turn out from 25 to 30 million silver dollars a month. All silver coins are to be collected from the market and reminted on a uniform model. The coining of small subsidiary pieces will be continued for a time at the Canton mint, as they are much in demand in south China.

The larger aims of the new Central Bank of China were listed by Mr. T. V. Soong at its inauguration as the creation of a national treasury, the stabilization of the money market, and the standardization of the national currency. The acute problem in the various bank reorganizations effected during 1929 has been the need to redeem the depreciated currency with which China has been flooded during the period of civil warfare. But years will be required for the final solution of China's multiform currency problem, which requires the establishment of government control over minting, maintenance of adequate reserves for paper currency, abolition of the tael in favor of the dollar as a unitary basis, and probably the eventual adoption of the gold standard to replace the present silver standard. These problems have been under investigation during the past year by the Kemmerer commission of American financial experts, in consultation with the technical experts attached to the Ministry of Finance. The report of this commission has already been presented and will doubtless form the basis upon which the Chinese government will ultimately reform China's currency system.

# COMMUNICATIONS

The greatest obstacle to the genuine unification and to the economic progress of China is its lack of efficient means of communication and transportation. The tradition of the walled city by hindering easy inter-communication prevents cooperation for national purposes based on a common understanding. Great land areas, as in Szechuan province, are still served almost entirely by the wasteful methods of animal and human transport. In all China—with

a territory larger than the United States and a population equivalent to that of Europe—there are hardly 7,000 miles of railways and 20,000 miles of motor roads.<sup>20</sup> At the end of 1928 China possessed 87,000 miles of telegraph wires on land, a little over 50 wireless stations, about 100,000 telephones, and slightly less than 400,000 tons of commercial shipping. The excellent system of waterways on which China long depended for freight transportation has measurably

<sup>27.</sup> Cf. issues of China Monthly Trade Report for 1928-1929. For history of previous attempts at currency reform, cf. Chinese Economic Journal, April 1929, p. 329-37.

<sup>28.</sup> Cf. "A Study of the Charters of China's State Bank and its Allied Institutions," Chinese Economic Journal, May 1929, p. 411-28.

<sup>29.</sup> This chart appeared in China To-day, a report by the National Associated Chambers of Commerce of China to the Amsterdam Congress of the International Chamber of Commerce, June 29, 1929, p. 57.

<sup>30.</sup> Compared with 275,000 miles of railways and about 3,000,000 miles of motor roads in the United States.

deteriorated in recent years. The railways have suffered even more largely from the civil strife. During 1929 the Nanking government has taken needed preliminary steps toward making these ravages good. Large-scale plans for future developments in communication facilities have been projected, the completion of which depends on the continued strengthening of the central government.

#### RAILWAYS31

Mr. Sun Fo faced a staggering task when he assumed his position as Minister of Railways in November 1928. The railways were thoroughly disorganized and run down. maintenance-of-way repairs having been neglected for a number of years. Shortage of cars and locomotives was accentuated by Manchuria's retention of the rolling stock carried up to Mukden by Chang Tso-lin on his retreat from Peking in 1928.32 Demoralization was made complete by the exorbitant levies and surtaxes exacted by the military commanders in their various districts. In the face of these obstacles, the Ministry of Railways by August 1929 had established through service on all the ten major government railways radiating from Canton, Nanking, Hankow, Peking, and Mukden.

The Ministry has made this achievement possible by pushing ahead with the reconditioning of the railways under its control. in spite of the year's military disturbances. New equipment at a cost of over \$3,000,000 has been purchased for the Tientsin-Pukow and Shanghai-Nanking lines. The supplies for the latter railway were paid for out of its own earnings, which averaged \$30,000 a day even in 1928. Orders for this equipment have been made through a Purchasing Department set up early in 1929.33 In July the Ministry accepted a recommendation of its American adviser, Mr. J. J. Mantell, for the employment of eight or ten practical railway operators from abroad to instruct Chinese operators on the various government lines.

31. Cf. issues of China Monthly Trade Report for 1929.

These and similar improvements effected during the year are the soundest preliminary to the extension of the present railway system, which is the chief prerequisite for China's industrial development. Two of the most-needed additions—the completion of the unfinished portion of the Canton-Hankow Railway, and the westward extension of the Lunghai Railway-are already under consideration. In June Mr. Sun Fo obtained government sanction for a loan of \$150,-000,000 for these two railway additions, the loan to be refunded in four years from the returned portions of the British and Russian shares of the Boxer Indemnity, and the work to be completed by 1932-1934.

By September 1929 Mr. Sun Fo had virtually effected the unification of railway administration under the Ministry of Railways.<sup>34</sup> All the lines were running on regular schedules and service was steadily improving, so that conditions on the Chinese government railways were the best that had obtained in some years. There is small reason to doubt that, given unhindered central control and operation, the setbacks of recent years could be overcome and provision made for the payment of the large railway debt of over \$650,000,000, amounting to about a third of China's total national obligations.<sup>35</sup>

# HIGHWAYS36

The construction of modern roads in China is a very recent development. In 1921 less than 100 miles of roads suitable for motor traffic existed in all China, exclusive of those in the foreign concessions and of the long-existing caravan route of 800 miles from Kalgan to Urga in Mongolia. The first big impetus to highway construction was furnished by the road-building programs initiated by the American Red Cross to assist the famine-stricken districts in

35. Cf. statement by the Minister of Railways, The Ohina Weekly Review, March 2, 1929, p. 39. Under relatively peaceful conditions, the profits on the Chinese Government Railways increased from \$3.6,460,531 in 1916 to \$54,144,348 in 1924. The large population served makes Chinese railways a rich

The large population served makes Chinese railways a rich investment in time of peace; under reasonably efficient management they can be run at a cost of hardly 50 per cent of their operating revenues.

36. Cf. issues of China Monthly Trade Report for 1928-1929; cf. also The China Weekly Review (New China Edition), October 10, 1928, p. 84-91.

<sup>32.</sup> Altogether 300 locomotives and 4,000 cars belonging to the North China railways have been retained by the Manchurian authorities since June 1928. Most of this rolling stock has been lying idle, and is in need of extensive repairs.

<sup>33.</sup> Cf. Chinese Economic Journal, May 1929, p. 448-55 for text of regulations governing the purchase of materials for Chinese railways. In August the Ministry of Railways took steps to set up a central supply store, which will keep on hand a full stock of railway materials sufficient for all the government railways.

<sup>34.</sup> Officially recognized by regulations governing the organization of the State Railway Administration under the Ministry of Railways issued in September. Cf. The China Weekly Review, September 7, 1929, p. 51. The exceptions were the Peking-Suiyaan line controlled by Yen Hsi-shan, and the Peking-Mukden line. A compromise agreement vested nominal control of the Peking-Mukden line in the Ministry of Railways, and the Manchurian authorities were gradually returning the rolling stock removed from the north China railways. The revenue from this line exceeded \$2,000,000 monthly at the end of 1929.

1920. This stimulus caused the formation in May 1921 of the National Good Roads Association, which has endeavored through educational propaganda to encourage the people throughout China to tear down the ancient city walls and build roads. In actual construction, however, the China International Famine Relief Association has accomplished more than any other single organization. In the period 1923-1928 this body administered the expenditure of several million dollars on reclamation, dike, and road construction, while encouraging the local authorities to match the funds expended either with money or an equivalent value in labor and materials. The combination of these efforts has greatly stimulated road construction, which is now being carried on with enthusiasm in practically every province in China. An estimate of the National Good Roads Association in June 1929 indicated 20,973 miles of improved highways in China, with 3,764 miles under construction. Although suitable for motor traffic, about 90 per cent of this mileage consists merely of graded dirt roads. Motorbus service is rapidly increasing throughout China, On January 1, 1929 preliminary estimates showed about 30,000 motor vehicles in China, the majority of which were in the seaboard ports.

Highway construction has been carried on chiefly with the cooperation of provincial authorities, there having been no effective central government in China during the road-building period since 1920. The southern and central provinces have been most active in the movement. Kwangtung province with Hai Nan Island has 2,000 miles of roads, including in Canton 50 miles of wellpaved streets. There are about 900 motor cars operating in Canton, and upward of 2,000 in Kwangtung. The mountainous provinces of southwest China-Yunnan and Kweichow—have partly overcome their isolation by the construction of several hundred miles of motor roads linking them with the neighboring provinces. Szechuan has also emerged from its isolation by the construction of approximately 1,200 miles of highways, radiating from the provincial capital, During the past few years Chengtu. Kwangsi province has constructed 1,500 miles of motor roads, about 15 per cent of which are macadamized. Over these Kwangsi roads twenty bus companies operate about 300 buses. The provinces of Kiangsu and Chekiang have also been active in roadbuilding. About 200 buses operate out of Hangchow, the capital of Chekiang, on the motor roads of that province. An important surfaced highway linking Hangchow with Nanking has been nearly completed. Nanking itself the Sun Yat-sen memorial road, running from the river through the city out to the mausoleum on Purple Mountain, was officially opened on April 1, 1929 at the time of the interment of Sun Yat-sen. This spacious boulevard is twelve miles long and 120 feet wide, with macadam base and asphalt surface. Road-building projects of smaller scope are also under way in the north China and Manchurian provinces. Marshal Feng Yü-hsiang is pushing the building of roads in Shensi and Kansu. Thanks to its model governor, Yen Hsi-shan. and to Red Cross relief work, Shansi has more good roads than any other province in China. In Shantung province, Tsinan and Tsingtao, as well as Chefoo, Weihaiwei and Tengchowfu, are joined by good roads. From Peking motor roads radiate as far as 200 miles in all directions.

The Nanking government has encouraged this provincial road-building activity so far as possible. It also assembled at Nanking a representative National Highway Planning Commission,37 which drew up a plan calling for a system of twelve national highways to cover the whole country and link up with Tibet and Mongolia. The provincial highways recently constructed constitute a substantial portion of these lines. Roads will be built of earth to effect communication lines, and macadamizing will be undertaken as additional funds become available. Preliminary estimates indicate that the lines in China proper can be completed with earth roads at an approximate cost of \$70,000,000.

#### **AIRWAYS**

Recent Chinese developments in aviation give promise that China may emerge immediately into commercial air transportation on a large scale without waiting to overcome its deficiency in railways and

<sup>37.</sup> In session at Nanking from February 20 to May 23, 1929, under the auspices of the Ministry of Railways. Cf. China (The China Society of America), October 1929, p. 5; also China Monthly Trade Report, August 1929, p. 59-61.

highways. As in the West, commercial aviation in China has grown out of aviation for military purposes. Aviation schools at Peking and Mukden during and after the World War trained the first Chinese fliers.38 Other aviation centres have sprung up of late, until during September 1929 a total of 365 areoplanes were reported operating in China.<sup>39</sup> A National Aeronautics Association of China has been formed, which held annual conferences in 1928 and 1929. Commercial aviation first took practical form in China in 1929, owing largely to the interest aroused late in 1928 by the dramatic trans-China flights of General Chang Hui-chang.40 Soon after, in March 1929, the Aeronautics Department of the Ministry of Communications announced a comprehensive plan for five trans-China air lines, eventually destined to link up the chief cities of China with those of Tibet, Sinkiang, and Mongolia.41 The first practical step toward realizing this ambitious scheme was the inauguration of the Wu-Ying Air Mail Service between Shanghai and Nanking on July 8. 1929. This line instituted a freight service on August 12 and a passenger service on August 26, and is now extending its service to Hankow. A more far-reaching arrangement for developing commercial aviation was concluded by the Nanking government with the Curtiss-Wright Corporation of America in April 1929.42 The contract stipulated that an air mail service for the Chinese government between Hankow and Canton, Hankow and Shanghai (via Nanking), and Shanghai and Peking was to be established within six months. A successful inaugural flight of the Loening Amphibian Airyacht No. 1 from Shanghai to Hankow was made October 21, 1929.

American company expected about 35 of these modern planes to be in operation before the end of the year. In addition, the Nanking government has nearly completed negotiations with the Lufthansa interests of Germany for a Sino-European air mail. passenger and freight service.

#### WATERWAYS43

China is well supplied with a network of navigable waterways that serve as valuable means of communication and trade. Ordinary steamers can readily ascend to Hankow on the Yangtze, and in the valley of this river thousands of miles of canals and rivers are available for junks and other small craft. The thousand-mile Grand Canal from Hangchow to Peking was formerly much used, although it is now in need of repair, especially in the section north of the Yangtze. During the past year Conservancy Boards have been set up for the Grand Canal, the Hwai River, Yangtze River, Yellow River, and others, but nothing has been accomplished beyond preliminary surveys. An American engineering adviser of the Nanking government, Mr. Ernest Payson Goodrich, reported favorably on the construction of a deep-water port at Canton. Another important harbor reconstruction project is for Hulutao, on the Gulf of Liaotung, to serve as an outlet for the Chinese railways in Manchuria.

For its oversea trade China is dependent upon foreign shipping. About 1,000 foreign vessels, chiefly British and Japanese. are also engaged in the coastal and inland trade of China, owing to the Inland Navigation Regulations as provided in China's treaties with the foreign powers. The Nanking government is considering measures for the rendition of these inland navigation rights enjoyed by foreign vessels. At present the tonnage of Chinese shipping is quite inadequate to compete with foreign shipping or to handle the country's total inland and coastal trade. Owing to the seizure of its vessels and other losses suffered in the past decade of revolution, the China Merchant's Steam Navigation Company has been going steadily downhill. The Nanking government is attempting to reorganize this chief mercantile marine company of China,

<sup>38.</sup> For history of the development of aviation in China, cf. Chinese Economic Journal, March 1929, p. 241-47.

Chinese Economic Journal, March 1929, p. 241-47.

38. Cf. China Monthly Trade Report, October 1929, p. 45. The
38. Cf. China Monthly Trade Report, October 1929, p. 45. The
39. Cf. China Monthly Trade Report, October 1929, p. 45. The
30. Cf. China Monthly Trade Report, October 1929, p. 45. The
30. Cf. China Monthly Trade Report, October 1929, p. 40.

40. Value 1920, p. 40.

40. Known as China's Lindbergh (he used a Ryan monoplane called the "Spirit of Canton"), he is actually Lieutenant
Bert Hall, American war ace and adventurer, aviation's first
great soldier of fortune, halling from Higginsville, Missourt,
He was formally installed as Chief of the Chinese Afr Force
in Nanking on September 16, 1929,
41. Cf. Chinese Economic Bulletin, March 18, 1929, p. 135-36:

in Nanking on September 16, 1929,
41. Cf. Ohinese Economic Bulletin, March 16, 1929, p. 125-36;
also June 1, 1929, p. 274-77.
42. Cf. The Ohinese Social and Political Science Review,
October 1929, Public Documents Supplement, p. 81-91. The
American firm is to train Chinese pilots. It has the right to
Operate passenger and freight air services anywhere in China, and to manufacture aeroplanes and equipment there.

<sup>43.</sup> Cf. The China Weekly Review, November 9, 192373-75; also The China Truth, November 9 and 16, 1929.

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so that it may regain its prosperous status of ten years ago. Other Chinese shipping companies have suffered similar losses and require a similar rehabilitation before China's domestic commerce can be rendered independent of foreign shipping.

#### POSTS

The Chinese Postal Service is doubtless the most efficient unit in the country's system of communications. The total length of railway mail lines is about 7.000 miles: of steamer lines 30,000 miles; and of courier lines 235,000 miles. Latest statistics show about 2,560 post offices, 9,600 postal agencies. 7,000 rural offices, and 22,000 rural stations. The postal staff in 1926 numbered almost 40,000, of whom 119 were foreigners, with the Chinese gradually taking a full share of the responsible administrative posts. Established officially on March 20, 1896, the Post Office was administered until May 28, 1911, by the Inspector-General of the Customs. It was then placed under the Ministry of Communications and nominally headed by a Chinese Director General, although actually administered by a foreign Co-Director General, usually British or French. In 1928 the Nanking government made the Chinese Director General the substantial head of the Post Office, and reduced the foreign Co-Director General to an advisory position.44 This change was re-emphasized on April 1, 1929, when the Nanking authorities replaced English with Chinese as the official language of the Postal Service.

## TELEGRAPHS

In 1928 China had 1,105 telegraph offices, about 87,000 miles of land wires and almost no cables. In round numbers 3,738,-000 domestic telegrams were transmitted during 1926. The service is slow and inadequate, and the Nanking government is endeavoring to supplement the existing telegraph and cable services with wireless communications for both domestic and foreign use.<sup>45</sup> China's international telegraphic facilities have been entirely controlled by foreigners.<sup>46</sup> The fact that the cable agree-

44. Cf. The China Weekly Review, April 13, 1929, p. 278. Mr. Tollefson, a Norwegian, was appointed Co-Director General by the Ministry of Communications to succeed M. Picard-Destelan, who resigned.

45. For important radio contracts recently entered into by the Nanking government, cf. The Chinese Social and Political Science Review, October 1929, Public Documents Supplement, p. 91-116.

ments with foreign companies on which this control rests expire December 31, 1930 supplies a further impetus for the Nanking government's program of radio development.

Of late rapid progress toward this end has been made. The important interior centres of China are already linked up by 52 short wave stations, which were centralized under the Radio Administration of the Ministry of Communications during August 1929.47 Rates for international messages have already been reduced by about half through the effect of a cooperative arrangement between the Chinese Radio Administration and the branch of the Radio Corporation of America located in the Philippine Equipment for setting up a Islands.48 Shanghai station capable of direct communication with San Francisco, Berlin, and Paris has recently reached Shanghai. By the summer of 1930 it is expected that this first-class radio central in Shanghai will be regularly transmitting messages to Europe and America.49

#### TELEPHONES<sup>50</sup>

In 1928 there were only about 100,000 telephone instruments in operation in China, but this number has already greatly increased. As in the case of radio, telephonic communication is spreading rapidly over China. Numerous interior Chinese cities are now providing themselves with telephone service. Long-distance telephonic communication has been established between Tientsin and Mukden, Shanghai and Nanking, Canton and Hongkong. Many of the larger Chinese cities are installing up-todate automatic telephone exchanges. At a cost of \$690,000 (gold) Canton has installed an excellent automatic system, which also serves half a dozen of the suburban centres around Canton. Nanking has also installed an excellent automatic system. In Manchuria, Harbin is extending its automatic system, and Mukden has contracted to have one installed.

<sup>46.</sup> For cable agreements entered into by the Chinese Telegraph Administration, cf. China Year Book (1928), p. 364; for settlement of dispute over the Japanese radio monopoly in China, cf. China Monthly Trade Report, November 1929, p. 47.
47. Cf. China Monthly Trade Report, September 1929, p. 46. China is to be divided into nine radio districts, each with a central station, and with the main station at Shanchai.

central station, and with the main station at Shanghat.

48. As a result, Reuter's long-standing monopoly of foreign news entering China has been broken by the entrance of the United Press and the Associated Press into this field.

49. Cf. The China Weekly Review, November 18, 1929, p. 407, 412.

<sup>50.</sup> Cf. Chinese Economic Journal, October 1929, p. 895 also China Monthly Trade Report, January 1929, p. 15.

# **ECONOMIC ACTIVITIES**

Numerous activities of the Nanking government are necessarily omitted in this survey. The work of the Ministry of Health and of the Bureau of Statistics deserves especial mention. Many social and philanthropic movements of great importance are also occurring in China, which cannot be treated in this report. 50a

#### AGRICULTURE51

For centuries the Chinese people have depended upon agriculture for economic support. Even today at least 80 per cent of China's entire population is engaged in rural pursuits. The agriculture that has made China a self-sustaining nation still remains the chief means upon which China can draw to withstand the economic pressure of the West. The principal Chinese agricultural products for domestic consumption are, first, rice and all kinds of grains, and then silk, cotton, tea, and vegetable oils. chief products exported in large quantities are the soy-bean, with its by-products of oil and bean cakes, and then silk, cotton, tea, and wood oil.

The Nanking government has formulated an ambitious program for agricultural improvement and rural welfare. China has much to gain from scientific agriculture, despite the acknowledged skill and industry of Chinese farmers. In afforestation, deep plowing, improved implements, seed selection, mineral fertilizers, and animal husbandry notable work has been already accomplished during the past decade through government cooperation with missionary and other institutions of higher learning throughout China. Chinese agriculture

suffers from usurious practices in financing the farming class, and from an inefficient, inadequate marketing system. In this field cooperative societies, the universities, and the government are all helping to provide easier rural credits and improved marketing conditions.<sup>53</sup> An increasing number of Chinese experts is being trained, at home and abroad, to carry on the work in scientific agriculture and rural economics. The commissions set up for large-scale conservation and irrigation projects in various parts of the country have already been mentioned.<sup>54</sup>

The volume of China's foreign trade has steadily increased in recent years despite the handicap imposed by the country's unsettled conditions. Except in 1864 and for a brief period from 1872 to 1876, however, China's imports have always exceeded its The adverse trade balance thus created has been added to by large imports of silver that began about 1885. This disparity in China's balance of international payments has been largely compensated by China's invisible imports consisting of remittances from Chinese overseas, expenditures on foreign missionary enterprises and diplomatic establishments in China, and sums expended by tourists. Improvement in China's system of communications would greatly stimulate its export trade. The deficiency of transportation facilities within China prevents the export of large quantities of available Chinese produce which would readily be taken by the outside world. The following table summarizes the value in Haikwan taels of China's total foreign trade since the advent of the Republic:56

# CHINA'S FOREIGN TRADE

	Gold Value				
Year	of Tael	Net Imports	Direct Exports	Total	Excess of Imports
1912	\$ .74	473.097.031	370,520,403	843,617,434	102,576,628
1913	.73	570,162,557	403,305,546	973,468,103	166,857,011
1914	.67	569,241,382	356,226,629	925,468,011	212,014,555
1915	.62	454,475,719	418,861,164	873,336,883	35,614,555
1916	.79	516,406,995	481,797,366	998,204,361	34,609,629
1917	1.03	549,518,774	462,931,630	1,012,450,404	86,587,144
1918	1.26	554,893,082	485,883,031	1,040,776,113	69,010,051
1919	1.39	646,997,681	630,809,411	1,277,807,092	16,188,269
1920	1.24	762,250,230	541,631,300	1,303,881,530	220,618,930
1921	.76	906,122,439	601,255,537	1,507,377,976	304,866,902
1922	.83	945,049,650	654,891,933	1,599,941,583	290,157,717
1923	.80	923,402,887	752,917,416	1,676,320,303	170,485,471
1924	.81	1,018,210,677	771,784,468	1,789,995,145	246,426,209
1925	.84	947,864,944	776,352,937	1,724,217,881	171,512,007
1926	.76	1,124,221,253	864,294,771	1,988,516,024	259,926,482
1927	.69	1,012,931,624	918,619,662	1,931,551,286	94,311,962
1928	.71	1.195.969.271	991.354.988	2.187.324.259	204.614.283

A considerable increase took place in China's import and export trade for the first nine months of 1929 over the corresponding

periods of 1927 and 1928. The following table summarizes in round figures the trade for the first three quarters of each year:57

## **COMPARATIVE TRADE INCREASE, 1927-1929**

(In Haikwan taels)

		Year	•	Net Import	Direct Export	Total
Jan.	to O	ct. 1927	***************************************	520,000,000	382,700,000	902,700,000
44	44	1928		647,000,000	397,000,000	1,044,000,000
46	66	1929		684,000,000	410.000.000	1.094.000.000

The annexed table<sup>58</sup> gives the distribution of China's foreign trade among the chief countries trading with China. The marked decline in the importance of Hongkong as a

distributing centre, the decline in the relative importance of Great Britain, and the great increases in the relative importance of Japan and the United States should be noted.

# DISTRIBUTION OF CHINA'S TRADE

			IMPOR	TS				
		(Pe	rcentage	of Total	)			
From	1890	1900	1913	1924	1925	1926	1927	1928
United States	2.9	7.9	6.0	18.4	14.8	16.4	16.1	17.2
Japan and Formo	sa 5.8	12.0	20.4	22.6	31.1	29.4	28.4	26.7
United Kingdom	19.0	21.0	15.5	12.1	9.7	10.2	7.3	9.5
Hong Kong	56.7	44.0	29.3	23.5	18.3	10.9	20.6	18.9
EXPORTS								
(Percentage of Total)								
To	1890	190ò	1913	1924	1925	1926	1927	1928
United States	9.4	9.3	9.3	13.1	18.4	17.4	13.3	12.8
Japan and Formo	sa 5.5	10.7	16.3	26.1	24.0	24.5	22.7	23.0
United Kingdom	15.0	5.9	4.1	6.5	6.1	6.5	6.3	6.1
Hong Kong		40.0	29.0	22.4	14.8	10.9	18.5	18.3

# INDUSTRY AND LABOR<sup>59</sup>

The process of industrialization, with large-scale manufacturing carried on by power-driven machinery, did not begin in China until late in the nineties. It has been confined primarily to cotton spinning and weaving, silk reeling, shipbuilding, flour milling, iron and steel manufactures, electric light and power supply, oil pressing, and the making of matches. The process has also been introduced to a lesser degree in other manufactures, such as artificial silk weaving; carpet weaving; hosiery knitting, dyeing and bleaching; machine-making; pottery and glass; paper; soap and candles; tobacco; tea; salt and alkali refining; and printing. Although the relative extent of this process of industrialization is still small, its effects are evident in the replacement of small workshops by large factories, the substitution of machine for handicraft technique, and the rise of a class of wage-earners in place of the independent craftsmen.60 The transformation of the old Chinese guilds into employers' associations on the one hand, and into trade unions on the other, has led to the growth of a labor movement and the beginnings of a class struggle. Industrial disputes and the resort to strikes and lockouts have become recurring phenomena of Chinese economic life. The conditions under which women and children work in the factories have begun to engage the attention of social reformers. The increasing cost of living has raised the issue of a fair wage and income, and stimu-

<sup>50</sup>a. For discussion of present social movements in China, cf. article by Dr. J. S. Burgess in Proceedings of the National Conference of Social Work for 1929.

<sup>51.</sup> Cf. report to the Amsterdam Congress of the International Chamber of Commerce, op. cit., p. 1-12.

<sup>52.</sup> Cf. Ibid., p. 9, for detailed statement of the official program. An important National Agricultural Conference was held at Nanking in December 1929 to consider methods for the aid of agriculture and for the more equitable distribution of the food supply. 53. Cf. Paul C. Hsu, "Rural Co-operative Societies," The China Weekly Review, (New China Edition), October 10, 1928,

p. 180-82.

<sup>54.</sup> Cf. p. 440.

<sup>55.</sup> Cf. C. F. Remer, The Foreign Trade of China,

<sup>56.</sup> Cf. China Monthly Trade Report, May 1929, p. 43. The Haikwan tael approximates seventy-five cents gold. Exchange and price fluctuations and many other factors must be taken into account in the interpretation of these customs returns. Exchange

into account in the interpretation of these customs returns.

57. Cf. Ibid., November 1929, p. 4.

58. Cf. U. S. Commerce Yearbook (129), Vol. II, p. 167; report to the Amsterdam Congress of the International Chamber of Commerce, op. cit., p. 17; and Masnoske Odagiri, Japanese Investments in China, p. 1. At present 13 per cent would seem to be the average share of the United States in China's export trade. The large increase of United States imports from China in 1925 and 1926 is accounted for by the Chinese boycott of Hongkong during those years. Hongkong acts as a distributing centre for several countries trading with China; its large share should not be counted as British trade. If America's trade with China through Hongkong was counted, the share of the United States would be much higher. counted, the share of the United States would be much higher. 59. An Information Service report on Labor and Industry in the Orient is planned for a future issue.

in the Orient is planned for a future issue.

60. The increasing use of cheaper Western goods throughout China has added to the havoc wrought upon Chinese home industries and the guilds. Dispossessed artisans and peasant handworkers swell the cityward movement of the population, which in turn creates a difficult housing problem in many urban centres.

lated investigation of the family budgets of the working class. Labor legislation, formerly unheard of, has now become an integral part of governmental policy.<sup>61</sup>

The Ministry of Industry, Commerce and Labor of the Nanking government has formulated a comprehensive program for China's industrial development.62 Certain achievements in this field should be noted. A new trade-mark law has been promulgated which for the first time provides adequate protection to foreign trade-marks in China. A factory law has been proposed which strikes at child labor and attempts to guarantee an 8-hour day.63 A labor union law, prescribing detailed regulations for the organization and activities of labor unions. has been passed.64 Other measures governing chambers of commerce, business firms, cooperative stores, arbitration of industrial disputes, standardization of weights and measures, patent and insurance laws are being formulated by the Ministry of Industry in consultation with a committee of lawyers. merchants and industrial leaders. Ministry is also making a comprehensive compilation of commercial and industrial statistics. In addition, the Ministry has endeavored to popularize Chinese manufactured goods by means of industrial expositions. At the end of 1928 a large industrial exhibit was held at Shanghai. Fifteen different provinces participated, and there was an average daily attendance of 20,000 paid admissions. This initial success led to other similar exhibits. An even more ambitious exposition of Chinese products was formally opened at Hangchow on June 6, 1929, after eight months' preparation, involving an expenditure of over \$400,000. The total number of exhibits at the Hangchow Exposition was roughly estimated at 20,000covering industry, agriculture, education, health-promotion, art, and other phases of Chinese life, with a section for foreign exhibits as well.

# **EDUCATION**

Education in China today may be broadly classed under two heads, covering on the one hand the national school system and on the other the mass education movement. The new national school system has been created practically within the present generation. The still more recent mass education movement is designed to overcome the extensive illiteracy among the Chinese peasants.

China's traditional system of education has been a strictly literary training in the Confucian classics. The teaching of Western subjects was not effectively adopted by the government on a large scale until after 1900, although introduced at a much earlier date. During the early years of this century thousands of Chinese students went to Japan, and the new educational system as first set up in China partook of the bureau-

The adequacy of China's modern system of education cannot be accurately assessed. No statistics on education in China can be wholly relied upon, although it is safe to assert that there has been a rapid increase of late in modern schools. A fairly careful statistical survey in 1922-1923 listed 178,-972 modern schools of all grades with 6,819,486 students. Of these the elementary students comprised 6,601,802, the secondary 182,804, and the college and univer-

cratic nature of the European systems Japan had imitated. Of late, the study of American educational practice and the visits of leading American educators have caused the United States to usurp the place formerly held by Japan in Chinese education. Private educational enterprise, mostly under missionary auspices, has also exercised a considerable influence over the progress of the new education in China. The old Confucian education, although relegated to the background by these newer developments, still persists in considerable strength throughout most of China.

<sup>61.</sup> This paragraph is adapted from Industrialization in China, p. 1-2, a preliminary report to the research committee of the Institute of Pacific Relations prepared by Dr. Franklin L. Ho and Dr. H. D. Fong.

<sup>62.</sup> Cf. especially article by the Minister of Industry, Dr. H. H. Kung, in *The China Weekly Review* (New China Edition), October 10, 1928, p. 12-13.

<sup>63.</sup> Cf. Chinese Economic Journal, March 1929, p. 268-72.

<sup>64.</sup> Ct. Ibid., November 1929, p. 1006-16. The expressed purpose of the Nanking government is to act as the arbitre purpose of the purpose of the nanking government is to act as the arbitre purpose of the purpose of t

<sup>65.</sup> Cf. Bulletins on Chinese Education, 1923. The compilers of this survey considered that at least an equal number of students were enrolled in the old-fashioned Confucian schools. To this again must be added the students in schools conducted by the Japanese, and by Mohammedans, Buddhists, and other private groups.

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sity 34,880. These figures include 214,264 students in 7,382 Protestant mission schools. They do not include an approximate 150,000 students in about 3,000 Roman Catholic schools.

Quite recently Mr. Y. W. Wong. 66 editorin-chief of the Commercial Press, which supplies from 60 to 70 per cent of the modern text-books used in Chinese schools. stated that the sale of all primary and secondary textbooks had practically doubled between 1918 and 1928. On the basis of the total number of modern textbooks sold during 1928, Mr. Wong estimated that approximately 12,000,000 Chinese students were enrolled in all modern schools that year. Taking all types of schools into account, the largest possible number of Chinese students at present would be 20,000,-000.67 This would mean that of the commonly accepted Chinese population of 400,000,000 about 5 per cent would be enrolled in school at any given time as compared with almost 15 per cent in Japan and over 25 per cent in the United States.

# RECENT POLICIES

For the old Peking Ministry of Education the Nationalists at the outset substituted a National University at Nanking, which assumed the double function of education and administration.68 On the one hand the National University provided facilities for corporate research in the arts and sciences, and on the other it supervised the general administration of public education. In the same way the provinces were to be divided into university districts, in which the District University would supervise the lower schools and support as many different colleges as local conditions warranted. District universities were actually set up in Chekiang and Kiangsu provinces, and later in Chihli, but as opposition to its extreme centralization developed the whole scheme was given up at the Kuomintang Congress in March 1929. A Ministry of Education, which allows a considerable measure of provincial autonomy and interests itself in popular education, has now taken the place of the National University. To offset this popular concession, the government has founded an Institute of Scientific Research in Nanking, with a large appropriation, and with branches in the provinces.

As the government school system has become more adequate to meet the educational needs of China, the demand for bringing private education (including Christian, Confucian, Mohammedan, Buddhist and Japanese schools) under government auspices has become more insistent. The nationalistic spirit aroused during the revolutionary years 1926-1927 developed an attack that threatened to engulf Christian educational enterprise in China. On December 20, 1927 the Nanking government issued a set of regulations requiring that all private schools should register with the government educational authorities.69 It has continued to press this demand, although it has not gone to the extent of closing the schools which refuse to register. 70 The upheaval has acted as a stimulus to the movement already or foot to consolidate the overlapping missionary educational institutions in China.71 The important place and contribution of the private school (if registered) within the Chinese educational system is recognized by the majority of Chinese educators.

The Magna Carta of the Chinese Revolution, the Three People's Principles<sup>72</sup> of Dr. Sun Yat-sen, has given rise to a significant controversy within the field of Chinese education. It revolves around the attempt of the Nanking government to enforce the teaching of a course in the Three People's Principles in all primary, secondary, and higher schools.73 The National Education Conference, held at Nanking in May 1928, recommended that a liberal attitude be

69. Elaborated in regulations issued February 6, 1928, for

in Protestant missionary education in China, cf. Educational Review, July 1929, p. 325-26.
72. Roughly translated as Nationalism, Democracy, and

p. 156.

<sup>69.</sup> Elaborated in regulations issued February 6, 1928, for which cf. Educational Review, April 1928, p. 197-200.
70. Most Protestant mission schools have registered or are preparing to register. The critical requirements are (1) the school administration must be vested in Chinese hands, with a majority of Chinese on the Board of Directors and with a Chinese president or principal; (2) religious services and courses must be voluntary.
71. For important developments along this line taking place in Protestant missionary education in China. cf. Educational.

<sup>73.</sup> Cf. especially report by Dr. C. S. Miao and Rev. Frank W. Price in *Educational Review* for October 1929 and January W. Price in Educational Review for October 1823 and January 1330. A teacher approved by the local Kuomintang organiza-tion must give the course in Dr. Sun's writings, and textbooks must also be approved. In addition, Dr. Sun's picture must be displayed in all schools, and a weekly memorial service of a few minutes held the first period of each Monday to pay respect to his memory.

<sup>66.</sup> Interviewed by Mr. Cyrus H. Peake, whose book on Modern Education and the Chinese Revolution will appear this

year, 67. It must be borne in mind that the vast majority of these students do not get beyond the first year or two of lower primary school. 68. Cf. The China Weekly Review, September 29, 1928,

adopted toward this requirement, and that the term "Partisanized Education" should be replaced by "Education on the basis of the Three Principles." This was disapproved by the National Kuomintang Congress, meeting in March 1929. Chinese educators wide protest has been aroused against a narrow view of party education. These leaders hold that Dr. Sun's ideas and spirit should be followed to the extent of nationalizing, democratizing, and socializing Chinese education. They wish to develop an educational philosophy, and not merely add a course to the curriculum. Above all they feel that education on such a basis should have no religious significance. should not aim to make party members, and should not be limited to Dr. Sun's writings. The general tendency in Chinese schools is toward this wider interpretation of party education. Some look on it as a course in civics; others find that the issues raised are discussed more discriminatingly and effectively in courses on sociology, economics, and political science. Many of the ideas and methods of this party education are transitory, and will be superseded when conditions become more settled.74

Since the coming into power of the moderates at Nanking in 1927, there has been a distinct trend toward the restriction and control of the revolutionary aspects of the student movement by the educational authorities and by the government. There is also a tendency to discourage student party branches within the schools, where they have proved extremely difficult to control.

The Ministry of Education issued regulations in March 1929 requiring military training in all senior middle schools and colleges. All junior middle schools are, moreover, expected to organize troops of "Party" Boy Scouts. It remains to be seen how strictly these regulations will be enforced. Few private schools have complied with them, and several government schools already show a waning enthusiasm in their required military program.<sup>76</sup>

#### MASS EDUCATION76

The modern mass education movement is a direct outgrowth of the strides taken in the past decade toward making the Chinese spoken language the written language of China as well. This most important phase of China's literary revolution has caused the classical language to be superseded by a written form of the vernacular, stimulating the growth of an active native press and bringing for the first time within the bounds of possibility the chance to stamp out peasant illiteracy.

This possibility was seized upon by Mr. Y. C. James Yen. After years of experiment in perfecting four textbooks using the commonest 1,300 Chinese characters, Mr. Yen and his colleagues inaugurated their mass education movement at Changsha. It was well received and has spread rapidly, enrolling thousands of volunteer teachers and aids, and supporting itself on the contributions and efforts of the peasants themselves.<sup>77</sup> In its early stages the movement was invaluable in popularizing education and in developing a teaching technique.

After a few years of this work in various places, the movement sponsored by Mr. Yen restricted its operations to a region called Tinghsien not far from Peking. Here, in one of the 1,835 typical county units of which China proper is composed, the objective was enlarged to include the whole problem of rural improvement, building on the materials at hand among the 400,000 peasantry in the hamlets of Tinghsien. Success in this project will mean that Tinghsien will become a model for the other 1,834 counties of China. In this light, the quiet and almost unnoticed work at Tinghsien embodies in itself the profoundest implications for a radical reconstruction of Chinese society.

<sup>74.</sup> Cf. Ibid., October 1929, p. 872.

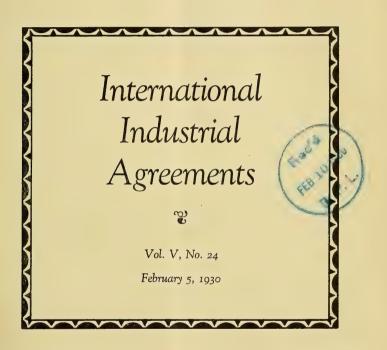
<sup>75.</sup> Cf. Ibid., p. 374.

<sup>76.</sup> Cf. article in Asia (February 1929) by Mr. Yen; articles in The Week in China, June 23 and 30, 1928; also article by Dr. James T. Shotwell in the New York Herald Tribune Magarine, January 12, 1930.

<sup>77.</sup> About 2,000,000 is usually given as the number now enrolled in these schools. The total number who have learned to read has been placed as high as 7,000,000. Mr. Wong of the Commercial Press states that 750,000 sets of textbooks and 2,000,000 pleese of supplementary literature were sold between 1924 and 1928. On this basis he estimates that some 500,000 completed the course and 250,000 continued to read afterwards.

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# INTERNATIONAL INDUSTRIAL AGREEMENTS

(Cartels, Combinations and Trusts)

by

### HARRY D. GIDEONSE

with the aid of the Research Staff of the Foreign Policy Association

THE international cartel movement, which has made remarkable progress since the war, has recently attracted renewed attention. Not only have there been striking developments in the international match combination—evidenced by its recent loan agreement with the German government—but the League of Nations has also instituted inquiries into the coal and sugar industries. The fact that the new developments are reaching into the field of consumers' goods, such as matches, coal, sugar, rayon, margarine and soap, has emphasized the public significance of the movement.

Generalizations are often made as to the extent to which the foreign policy of governments has been influenced by conflicts of private groups concerning raw materials and markets; but little attention has been paid to the present tendency of these private groups to eliminate causes of conflict by agreements between themselves.

Such agreements have taken a multitude of forms, ranging from gentlemen's agreements to what are in effect huge international corporations with national branches. In a general way, the term international cartel is frequently applied to any such arrangement, although the cartel is, properly speaking, a very restricted form of industrial cooperation and really closest to what in American usage is called a "pool."

Professor Liefmann has defined the cartel as "a voluntary combination of business enterprises engaged in the same line of business and each retaining its independence, for the purpose of establishing monopolistic control of the market." Strict adherence to this historically accurate definition would not permit one to include in a study of cartels such groups as the rayon,

the match, or the margarine combinations. as they are not concerned with "independent" enterprises but with enterprises in which varying degrees of interlinking ownership have been established.1 In the present report, which deals with various types of enterprise, the term "international combination" will be used to designate every agreement or association of enterprises from two or more countries which aims at some form of restriction of competition and market control. The term therefore covers such various forms of "community of interest" (Interessen Gemeinschaft) as the cartel proper, holding companies, subsidiaries of various types, interlocking directorates, contracts for the limitation of output, or patent pools.2

It is not always easy to indicate by a single phrase the exact nature of many of these international combinations, since variations of form are numerous. In general one may say, however, that the terms applied to such combinations vary according to the degree of autonomy enjoyed by the different units which go to make up each combination. For example, what was originally called a "cartel" may become an "international trust" if the independence of the different units of the original cartel becomes merely nominal for any one of a number of reasons-such as the establishment of interlocking directorates, or the acquisition of shares by one of the units in several of

<sup>1.</sup> Cf. for instance, Trade Information Bulletin No. 556 (United States Department of Commerce) in which the author (L. Domeratsky) adopts a similar narrow definition of Professor Grunzel's, but includes in his discussion the "so-called" rayon cartel. For an interesting discussion of the different types of agreement primarily from a legal point of view, cf. League of Nations, Economic and Financial Section, Review of the Legal Aspects of Industrial Agreements, E 529, September 12, 1829.

<sup>2.</sup> In order to avoid somewhat academic discussions as to definitions, the League of Nations generally refers in its documents to "international industrial agreements" (ententes) when it wishes to designate combinations of this sort.

the others. In certain cases there is no clear line of demarcation between one type of combination and another, the rayon and incandescent lamp groups being illustrations of the mixed organizations which belong specifically to no single type. The question of the independence of the component units

is fundamentally significant, however, since a judgment as to the ultimate benefits of the movement is likely to turn upon the permanence of its organization. The permanence of organization, of course, depends finally upon the type of organization and control.

# HISTORY OF THE MOVEMENT

International combinations are not peculiar to the post-war period. There were over a hundred known varieties in existence before the war. Most of them were of a very limited scope, however-as are the greater number of present-day arrangements of this type. The latter are largely agreements between the industrial interests of two or three contiguous countries, or more specifically between an industry and affiliated enterprises in neighboring territories. greater part of the pre-war agreements of this sort collapsed during the war. Their revival after the war was, however, so startling in its momentum as to place the movement in the centre of the discussion which led to the calling of the World Economic Conference of 1927.

For this revival several reasons can be adduced, some of permanent significance and others due to peculiar post-war factors. In many countries there existed a certain fatigue in the immediate post-war period and a desire to recuperate and consolidate holdings in peaceful exclusion of competitors, at least for a certain period. Political disruption through the peace treaties of territory which had previously been united was another of the peculiar post-war factors encouraging the formation of international combinations. Some of the Central European cartels simply represented an economic restoration of a unity which political arrangements had disturbed by the establishment of new frontiers. The Franco-German potash agreement is of this type and even the European steel cartel is essentially an arrangement between the producers of Lorraine, Luxemburg, the Saar, and Silesia who had formerly operated within the German system-although in this case the inclusion of the original French and Belgian production was also required for the success of the agreement.

The war, moreover, led generally to rapid expansion of a large number of industries to a point considerably beyond the normal needs of the different countries. This overexpansion of productive capacity led to bitter competitive struggles after the signing of the peace treaty in a continent the purchasing power of which was reduced considerably below the pre-war average. "Dumping" was one of the results of this competition and furnished—because of its disastrous effects—an incentive toward international industrial agreements.

With the passing of time, some of the special post-war factors are gradually disappearing, and more permanent considerations are replacing them in the movement toward integration of industry.3 In many industries the amount of capital invested per wage-earner employed has increased, and as a consequence the permanent overhead costs tend to become an ever-increasing burden, which comes to weigh more heavily with the management than the risks of competition. The enlarged investment in ever more specialized and less adaptable machinery and plant shifts the attention of the directors of the enterprise toward developing continuous and regular markets. The initial by-product of this shift-the phenomenon of "dumping"-merely tends to emphasize the need for international agreement.

These considerations make it quite clear, therefore, that the ideal industries for "cartellization" or integration—i. e., those in which there are strong fundamental economic forces at work toward integration—are the industries which lend themselves to mass production and the employment of large capital, whereas industries in which

<sup>3.</sup> This is now peculiarly evident in the consideration of the future of the Saar territory.

skilled labor is an important factor will not so readily "cartellize" or combine, because the latter do not generally bear a heavy burden of overhead costs and because many of them operate in small units.

One of the striking features of the cartel and combination movement in Europe is undoubtedly the importance of the part played by Germany. This feature of the movement illustrates not only the rapid recovery of the German industrial and economic system but also the significance of the two factors discussed above—viz., the territorial readjustments imposed by the peace treaties and those inherent tendencies of modern industry which would naturally show themselves in Germany, with its highly developed "finished products" industries, before they appeared elsewhere on the Continent. The long experience which German leaders have had

in national cartel arrangements also serves to explain the importance of German participation in this type of enterprise, for the cartel is historically above all a German form of organization. Before the war the German government took a more favorable view of the cartel movement than was taken elsewhere and actually participated in some of the combinations. Since the revolution the attitude has changed somewhat, as is evident from the administrative and judicial functions which were granted to the Cartel Court (Kartell Gericht). But even so the cartels have continued to flourish. Gustav Schmoller estimated the number of German cartels in 1908 at more than 500, while Professor Julius Hirsch places the figure at "more than 2,000" for the year 1926.4 Here was obviously a wide field for the acquisition of experience which would prove useful in subsequent international developments.

## CLASSIFICATION

Although it is often convenient to classify international combinations according to their various forms of organization, they may also be classified according to their fundamental economic purposes. Most of the organizations, however, are "mixed" and have some characteristics of all the various classifications. The most fundamental distinction from an economic point of view is undoubtedly between the groups where the central purpose is the reduction of production costs through increased efficiency and those where the central purpose is the increase or stabilization of prices through control of the market.

# COMBINATIONS FOR SCIENTIFIC MANAGEMENT

The first group simply tends toward "rationalization"—that is, a more rational organization of production or, as we should call it, "scientific management." By private arrangements between individual producers it would establish the division of labor along

international lines, of which economists have so long pointed out the advantages, but which it has been impossible to obtain because of political obstacles. Here the larger unit is arrived at because of its technical advantages which, of course, will differ in one branch of production from those in another. Such consolidations are generally approved, public interest having no reason to interfere with them, but tending on the contrary to encourage them.

It is quite clear, however, that the most effective rationalization would involve the closing down of inefficient plants with high costs of production and the transfer of their production to the units with the lowest costs. That is to say, the greatest saving would be achieved through the annihilation by private means of some of the effects of protective tariffs. Obviously such a measure could only be put into effect by a strong combination with well-nigh complete monopolistic control, and as this is even more difficult to

<sup>4.</sup> Esitmates vary rather widely, even for the same year—a fact which is partly explained by the different definitions of the cartel. Cf. the interesting discussion in Michels, Cartels, Combines and Trusts in Post-War Germany (Columbia University Press), especially p. 170-73.

<sup>5.</sup> At Geneva in 1927 the rationalization of production was discussed simultaneously with international industrial agreements. The Final Report of the World Economic Conference (p. 41) delines rationalization as "the method of technique

and of organization designed to secure the minimum waste of either effort or material." The term "rationalization" is somewhat vague and covers a very great number of others, such as "Taylorism," "Fordismus," etc. Cf. for instance, André Fourgeaud, La Rationalisation: Etais-Unis, Allemagne: Taylorisme, Socialisme rationnel, Fordisme, Normalisation, etc. Cf. also the two memoranda published by the International Management Institute at Geneva for the World Economic Conference in 1927: H. S. Person, Scientific Management and Cartels, and H. M. Spitzer, Rationalisation and Cartels.

achieve in the international field than it is in the national, such a consummation is not likely to take place. It does, however, represent the ultimate end toward which such a group might work. It is also clear, however, that the ordinary cartel structure will not achieve any noteworthy results along this line, since the fear of dissolution will lead all parties to desire maintenance of their old plants as a guarantee that their interests will have sufficient bargaining strength. The form of organization likely to succeed in transferring production to units operating at lowest costs is therefore a completely centralized international combination, where the national units have become subordinate to the general structure. As we shall see further on, some results along this line have already been realized, as in the case of the rayon agreement and, in general, in all industries in which patented processes play a considerable part.

# COMBINATIONS FOR STABILIZING MARKETS

The second general group of combinations referred to above (at present numerically much more significant than the first group) does not have as its central purpose an increase in efficiency or lower costs of production. It exists primarily for the purpose of controlling the market in order to stabilize or to raise prices. The economic gains it aims at are not technologically inherent in the size of the combination; they are rather achieved at the expense of other economic groups by means of the monopoly or degree of control of the market which the combination succeds in establishing. Here inefficient as well as efficient producers are maintained in their position and guarantees are given them that they will not be disturbed within certain limits. Apart from the sometimes considerable savings which result from the elimination of competitive expenditure, no economic gains are achieved by this second type of combination beyond increasing stability and furnishing a guarantee against various kinds of dumping.

The public aspects of such combinations are worthy of serious consideration, and problems arise which legitimately attract attention of labor groups as well as of consumers. The stability which groups of this type produce is seldom more than illusory.

since the stronger and more efficiently organized units within each group always resent their subordination to the lower standards and requirements of the weaker members. There is therefore almost always a preparation during periods of so-called "stability" for a later period of struggle, which will test the intrinsic capacity of the parties to the earlier agreement, although the weaker elements will receive a degree of protection through tariffs, subventions, and other forms of artificial support. Such artificial support, however, will not entirely counteract the general tendency toward greater centralization of control and therefore ultimately toward a genuine rationalization of production.

# OTHER TYPES OF CARTEL

A very commonly used classification—a classification primarily concerned with the original cartels—is based upon the particular nature of the agreement between the different units. This classification distinguishes five different types of combination. Territorial cartels are those whose main purpose is the allotment to each participating unit of a certain exclusive market. Generally the home markets are reserved and an agreement is made with regard to competition in or division of neutral markets. Since selling in neutral markets easily deteriorates into dumping, the territorial cartel has a strong tendency to concern itself with the total production of its members and thus easily becomes transferred to the second large group of production cartels. Here the main purpose is limitation of dumping through prevention of over-production. Sometimes total production is fixed by agreement and divided among the different producers according to their respective "quotas"; sometimes there is an agreement as to the proportion of its productive capacity which each member may use. Generally a system of penalties is agreed upon to be paid by those who exceed their allotment, the fines being divided among those who did not produce their quota. All sorts of special provisions may be agreed upon in order to make such an arrangement more flexible-but generally speaking the temptation to agree upon prices as well as on the amount of production is very strong, since

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the variation in costs of production of members otherwise easily leads to friction because of re-exports by third parties from the markets of members with low costs to those of members with higher costs. If the circumstances are favorable, therefore, a production cartel has a strong tendency to become a price cartel. It is, of course, not essential for price cartels to delimit markets or control production; but both are done. and particularly the latter, since otherwise prices can be undercut by discounts, freight allowances, and similar indirect methods. The price cartel generally requires an elaborate organization and detailed standardization of practices. When the central organization is also given authority to sell the output of members we have the sales cartel, which, comparatively speaking, is a highly integrated form of cartel implying a considerable amount of mutual confidence and of centralized financing. In the fifth and last category are the patent cartels, based on the exploitation of the patent systema legal aid to monopoly control. Patent cartels are of the strongest; the interchange of patents and special processes easily leads to agreements on other matters and generally takes place as a form of insurance against the risk of sudden and devastating improvements in the methods of competitors. The process of interchange is usually accompanied by a system of financial interpenetration so that these cartels generally tend to become combinations. Outstanding

examples are the incandescent lamp cartel (*Phoebus A. G.*, Geneva, Switzerland) and the rayon group.

Some of these cartels are in the raw material field. Here we have the international groupings concerned with oil, potash. steel, aluminum, copper, glue, superphosphates, mercury, etc.—and perhaps rayon, Other groups are made up of industries concerned with producers' goods, such as machines, semi-finished products, cement, glass, etc. Still others are concerned with consumers' goods-that is to say, products which are finished for direct human consumption.7 Many combinations belong in two categories at once. Thus, most of the chemical groupings which manufacture dves, acids, etc., as producers' goods, also manufacture pharmaceutical articles and photographic supplies directly for the consumer.

A somewhat detailed examination of a few of these groups may illustrate the significance of these general observations. In selecting particular combinations for study the two most significant groups are included—those which have to do with raw materials and those which have to do with consumers' goods—the first because of their numerical importance and the second because of their public significance. In choosing the steel, rayon and match groups, there has also been kept in mind the desirability of discussing those aspects of the general movement which represent the most recent tendencies.

<sup>6.</sup> The legal forms which are adopted for the purpose of organization are chiefly determined by considerations of expediency, having regard not only to internal machinery and previous organizational history, but also to the laws of the particular country in which operations are to take place. From the point of view of regulation and public policy the legal form is only of secondary importance—a fact which is generally established quite early in the development of national trust problems. (In the United States the Northern Securities Company decision of 1904 quite definitely settled this point.) Public interest centres rather around the practices of the combination, both with regard to price policy and with regard to its competitive methods.

As an example—which has many points of special interest—we might indicate the international copper cartel which was organized in the United States as Copper Exporters, Inc. on October 12, 1926 under the Webb-Pomerene act. Nearly all of the large American and foreign producers are associated with the enterprise. The association has one hundred non-par, non-dividend paying shares of stock, of which each member has one share. The directors have broad powers, including the right to penalize, by cancelling their shares, any members who break the agreement. The central office is maintained at Erussels under the name of the Copper Export Trading Company; there are many branch offices in Europe. Prices showed

a marked "improvement" after the formation of the association. The legal situation of the enterprise is in many ways obscure because of the peculiar character of the American anti-trust legislation and the extent to which a stable price level abroad has had a restraining effect on the domestic

market.

In many cases there is a three-fold legal structure. There is, in the first place, at the base a contractual relationship entered into within each country by the different elements constituting each national group. Next there is an international contractual relationship between different national groups, and finally there is the international legal connection between each individual in the group and the group as a whole. (Cf. League of Nations, E 529, Part II, p. 18.)

<sup>7.</sup> Hitherto this third group has been much less significant than the first two, although its recent progress has been particularly interesting, since the tendency here is markedly toward international combinations with strong central control.

<sup>8.</sup> Much of the material in the following sections on steel, reyon and matches, is based on the recent report of the United States Department of Commerce by Dr. William F. Notz, Representative International Cartels, Combinations and Trusts (Trade Promotion Series—No. 81, 1929). The author of the present report is, of course, solely responsible for the use here made of the data.

# THE STEEL GROUP

The International Steel Entente is, in the eves of the general public, perhaps the most prominent example of the new post-war intensification of the international cartel movement. It is primarily a production cartel and includes almost all the important raw steel producers on the European continent.9 It is not exclusively continental in its terms, however, since the aim has always been to make it as broad as possible, particularly with an eve to including the British industry. English adhesion has not taken place as yet—a fact which is partly due to the very strong individualistic spirit in British industry and also perhaps in some measure to political opposition. Professor MacGregor of Oxford has pointed out that as things stand at present the formation of a cartel is another way of guaranteeing to oneself the advantages of protection; and in a country which is still, in the main, committed to a free trade program the adherence to such a policy on a private basis is therefore likely to be looked upon as contrary to national policy.10

## ORIGIN AND PURPOSE

The steel entente is largely the fruit of the peace treaties, which returned Lorraine with its furnaces to France, and separated the Saar district temporarily and Luxemburg permanently from the German customs area. By Articles 264-268 and 280 of the Treaty of Versailles, all these territories were guaranteed free access to Germany until January 10, 1925, at which time it was assumed that new commercial treaties would have been signed. The early period was one of disruption of old contacts, political disturbances (as in the Ruhr) and rather abnormal consumption because of the reconstruction in Belgium and France. rapidly shifting exchanges of Germany, Belgium, France, Czechoslovakia and Poland added to the irregularities, while German industry, in order to replace its losses in Lorraine and Luxemburg, expanded its activities in the Ruhr and adjoining districts. When the special import arrangements expired in 1925 without the substitution of a new Franco-German commercial treaty—which had become the subject of difficult and acrimonious negotiations—the situation reached its climax with the adoption of new German tariff rates. All of the usual causes of a movement toward cartellization were present: overproduction, overexpansion of capacity in Germany and in the new countries desirous of establishing national industries, and ruinous competition.

A rapid movement toward national and international organization of the industry resulted and, ultimately, on September 30, 1926, final acceptance of the International Steel Entente was announced by the original signatory parties, which included the steel industries of Belgium, France, Germany, Luxemburg and the Saar. The agreement is scheduled to terminate April 1, 1931 but a great many possible reasons for an earlier dissolution are listed. The steel industries of Czechoslovakia, Austria and Hungary joined the entente on January 1, 1927 in a joint capacity to form what was generally known as the "Middle-European cartel." Later (on July 1, 1928) because of difficulties with the penalty system their membership was placed on an individual basis. The admission of Poland is now under negotiation.

The original purpose of the steel cartel was to regulate the production of the member countries and thereby indirectly to stabilize prices. This has gradually proved to be impossible without some form of direct price regulation and there is now even a tendency toward a common sales organization for exports.

#### **METHODS**

The cartel has attempted to establish a basic annual total production figure, together with quotas for the different national units.<sup>11</sup>

Under this cartel each country is assigned a quarterly production quota, as determined by a three-fourths vote of an administrative board composed of one member from each country.

Next to the British, the Swedish group—with relations in Spain and North Africa—is the most important outsider. Recent reports indicate that it is likely to join this winter.
 MacGregor, International Cartels. League of Nations. 1927.ILIG., p. 4.

<sup>11.</sup> For the sake of fair and impartial execution of the stipulations, a Swiss fiduciary company has been appointed to audit the output and deliveries of the cartel periodically.

For every ton produced each member is obliged to make a payment into a common equalization fund. This fund pays for the expenses of the cartel and serves to penalize members who exceed their quota and to compensate members who do not come up to it.<sup>12</sup> The cartel is shaken almost every three months, however, by struggles of the component parties for adjustments of the quota and of the penalty system.

The operation of the penalty system has been the source of most of the periodical crises in the cartel. Fundamentally these difficulties are concerned with the national quotas, which involved considerable concessions by the German and Saar producers at the outset. The German quota amounted to 77.6 per cent of the German steel plants' capacity and the Saar quota to 70 per cent. while Belgium obtained 84.3 per cent, Luxemburg 90.9 per cent and France as much as 94.6 per cent.13 The German quota was thus relatively much lower than that of France. As a consequence the Germans exceeded their production quota each quarter, and early optimists who believed that the new rationalization of the German industry would make it profitable to do this in spite of the penalties, discovered that their hopes were without foundation. The burden of the penalties was particularly hard to bear as the German excess production was largely due to a sharply increased domestic demand which had not been anticipated when the quotas were fixed.

Owing to pressure from the German group—which repeatedly threatened to leave the cartel—the German quota was increased by enlarging the basic total in April 1927 in such a manner as to give the Germans 43.18 per cent instead of 40.45 per cent as before. In June 1927 the German quota was divided into two categories—72 per cent to be applied to domestic consumption and 28 per cent to exports. The penalty for excess

domestic production was reduced from \$4.00 a ton to \$2.00, while the original penalty was maintained for excess exports. The domestic penalty was finally reduced to \$1.00 a ton in September 1927. In March 1928 the "Middle-European" members succeeded in having the penalty for domestic sales reduced from \$4.00 to \$2.00, while the compensation payments were reduced to \$1.00 a ton.

Further concessions to the German producers were made in the authorization to exceed their export quota by 150,000 metric tons a quarter without penalty. This allowance was further increased on June 27, 1928 to an authorized total of 300,000 tons a month. Meanwhile the penalties were again modified. On each excess ton up to 7.5 per cent of the allotted quota the penalty was to be \$1.00; for the excess between 7.5 per cent and 10 per cent it was to be \$2.00, and beyond that the old penalty of \$4.00 was to be maintained.

These arrangements appear to be only tentative: undoubtedly important modifications may be looked for at an early date. The organization of a closely-knit selling mechanism is in discussion. The principal difficulty seems to be the divergence between the different total production quotas and the percentage of these quotas which goes into exports. Although Belgium and Luxemburg export a greater part of their steel production than Germany, the latter has the largest total quota. The old cartel-builders' maxim, that "no cartel is stronger than its Belgian link," is especially true of steel. In an effort to straighten out some of the difficulties concerned with sales policy, a closer arrangement is at present under negotiation with the European Rail Manufacturers' Association (ERMA)—a post-war cartel based on a pre-war cartel which dates from 1904.

The final agreement of the steel industry upon a *modus vivendi* made possible the Franco-German Commercial Treaty of 1927.

<sup>12.</sup> Reichert, "Die Festländische Polstahlgemeinschaft," Weltwirtschaftliches Archiv, April 1927, p. 351.

<sup>13.</sup> Ibid., p. 354.

## THE RAYON GROUP

The international rayon agreement is a typical post-war phenomenon—both because of the form of its structure and because of the nature of its product. Rayon (artificial silk) production increased from approximately 1,320,000 pounds in 1896 to 265,900,000 pounds in 1927. The total capitalization of the leading rayon concerns in the United States, England, Italy, Germany and France amounts at the present time to more than \$445,000,000.

The international rayon agreement concerns the three dominating groups in the industry—the British Courtaulds, the German Glanzstoff concern and the Italian Snia Viscosa, with their Dutch and American subsidiaries and affiliated enterprises. The central agreement is not as important here, however, as the maze of understandings connected with it, and the interlocking directorates and holdings, and the agreements for the division of the market, for joint use of patents, and for regulation of processes and price policy.

Patents have played a very large part in the integration of this industry. While thousands of patents have been registered in connection with the manufacture of rayon, only four fundamental processes have been used on a large scale-viz., the Chardonnet or nitrocellulose, the cuprammonium, the viscose and the acetate processes. The viscose process is by far the most important of these, being used in 81 per cent of European and in 83 per cent of United States The principal raw material production. used in this process is woodpulp, which is provided by Norway, Sweden, Finland, Canada and the United States.

The very nature of an industry based on a patented chemical process, of course, invites centralized control. In the case of the rayon industry a very small number of concerns in a very few countries, but having branches and subsidiaries beyond their national boundaries, control the bulk of the world's production. Other factors playing a part in the formation of this grouping have been the usual economies of mass-production, the growing costliness of single

plants, the desire for mutual exchange of patents and processes, and the avoidance of cutthroat competition.

# HISTORY OF ITS DEVELOPMENT

The great expansion in the rayon industry came after the war. Whereas world production stood at 29,155,800 pounds in 1913, it had risen to 265,900,000 pounds in 1927. During the same period the number of producing countries had increased from 7 to 19, and Germany and Great Britain had yielded their place as the greatest producers to the United States and Italy. Italy, Holland and Belgium export a very large percentage of their national production, whereas Germany and the United States show large imports of the production of others.

There had been a small number of agreements and understandings before the war, but since February 1927 we can say that more than 80 per cent of the world's production has been controlled by a combination of the viscose process concerns. The agreement at that time of the British Courtaulds, the German Vereinigte Glanzstoff-Fabriken and the Italian Snia Viscosa was subsequently adhered to by the Dutch "ENKA" and the Belgian Tubize concern. The celanese group (British), which is affiliated with the Nobel Industries, Ltd. of England and which uses the acetate process, was also drawn into the combination.

#### ORGANIZATION

From an economic point of view decidedly the most interesting feature of this combination is the manner in which the different plants are confined to the production of their own specialty, although there are also the usual arrangements about reservation of domestic markets and price maintenance for exports. Another feature has been the refinancing of the Italian group by the English and German interests, after the Italians drifted into considerable difficulties owing to the high stabilization of the lira. In this manner a considerable measure of permanent control of *Snia Viscosa* has been established, including representation on its

Board of Directors by the Courtaulds and the Glanzstoff group.

Most of the American rayon production has some relation to the cartel, although American capital has been slow to enter this branch.14 The Courtaulds have direct subsidiaries in the United States in the American Viscose Company; the Glanzstoff concern has subsidiaries in the American Glanzstoff Company (Elizabethton, Tenn.), and is indirectly involved in American production through the Bemberg group. Dutch "ENKA" and Breda concerns-now really one group, since the late M. Loewenstein's death made possible the purchase of the controlling stock of Breda by "ENKA" -also have important American affiliations. Together with the Bemberg group and Snia Viscosa "ENKA" is interested in American production indirectly through the Associated Rayon Corporation, formed in November 1928, and directly through the American ENKA Company which is now planning the erection of a plant. The recent amalgamation of "ENKA" and Glanzstoff interests in the Dutch Algemeene Kunstzijde Unie has further integrated some of these holdings. 15

Contrary to the general impression created by examination of the steel cartel, the study of the rayon group leaves an impression of permanence and of growing integration, which is due in part to the more advanced stage the combination has reached and also in large measure to the patents underlying the production in this branch of industry.

### THE MATCH GROUP

The Match Trust is another typically modern combination, which has, however, a much greater degree of centralized control than the rayon group, coupled with an ingenious scheme of organization, which in almost all of the countries has given national groups a certain participation in ownership or management.16 The combination grew to its present significance during the inflation period when interests all over Europe were secured. The structure has at its head the Swedish super-holding company, Kreuger and Toll, which in turn controls the following holding companies: the International Match Corporation, with approximately one hundred match factories all over Europe; the Administratic Mij voor Nijverheidswaarden in Amsterdam, which after the manner of investment trusts has entered a number of other fields besides the match

business; and the Sefor Company of Stockholm, which has entered the iron ore and banking business. The total resources of these concerns probably exceed \$300,000,000.

The Swedish match trust has made itself conspicuous through its success in obtaining monopoly concessions from the governments of Poland, Peru, Estonia, Greece, Turkey, Ecuador, Hungary, Jugoslavia and recently. in more or less modified form, in France and Germany. The concessions are accompanied by loans to the respective governments (\$75,000,000 in the case of France and \$125,000,000 in that of Germany). The match company can grant these loans at lower rates than the public credit of the respective countries allows, partly because of its growing prestige and partly because of anticipated reimbursements from the profits of the concession.

#### THE LEAGUE AND INTERNATIONAL INDUSTRIAL AGREEMENTS

Detailed and regular information on the problem of industrial integration is still difficult to obtain. Only under American and Norwegian laws have organizations been set up which publish data officially.

Everywhere else information depends on occasional investigations, as by Royal Committees or parliamentary inquiries. These produce a sudden flood of data, but in view of the variable character of the phenomena studied, the findings soon become out of

<sup>14.</sup> Glanzstoff is affiliated with the German dye interests (I. G. Farben) which are close to Standard Oil, and has important relations with the explosives manufacturers. In general, the rayon group seems to enjoy strong European banking support and, owing to the strength of its bargaining position, has been able to set its own terms.

<sup>15.</sup> Bulletin of the Netherlands Trading Society (Amsterdam), October 31, 1929.

<sup>16.</sup> In Switzerland, for instance, the combination has acquired some of the most efficient plants in the country but at least one large concern —J. H. Moser A. G.—remained independent. A committee was formed in 1925 to arrange a cartel agreement and under this agreement production and sales are closely regulated. A similar fastibility has characterized the match combinations' activities elsewhere.

date. Shifts and new developments occur almost daily. There is even less information available on the international aspects of the problem, which have received very little beyond incidental attention in any of the investigations thus far. Of the large cartels only the steel group seems anxious to inform public opinion as to its development, and here obvious political reasons exist. In general, data concerning other combinations have to be culled from newspaper reports, technical journals, consular reports and similar sources, and the coordination of such scraps of information is left to the observer. This situation is not altogether relished by outsiders and there has been developing a demand for publicity. Thus the report of the Liberal Industrial Inquiry, entitled Britain's Industrial Future, 17 concludes its rather critical section on International Cartels and Combines with the statement that "agreements of this kind might be helpful in preventing industrial fluctuations, and should not be indiscriminately attacked. But they are capable of developing into dangerous monopolies, and should be closely watched. The best remedy against the abuse of such agreements is, as in the case of national agreements, full publicity."18

# WORLD ECONOMIC CONFERENCES, 1927

The Secretariat of the League of Nations recognized the difficulty presented by this scarcity of information, and when it was preparing for the World Economic Conference in 1927 it called for a series of reports on the question by a group of distinguished specialists from various countries. was regarded as particularly important since there was good reason to believe that the conference was originally proposed in 1925 by M. Louis Loucheur on behalf of the French delegation in order to get an endorsement of international industrial agreements as a means of organizing the economic interdependence of the world. The formation of the steel entente in 1926 focused public attention on the problem of international industrial agreements again, and at the time when the Preparatory Committee was shaping the agenda of the Economic Conference, discussion as to the significance of the movement was intensified by the huge "technological" unemployment in Germany due to the rapid process of rationalization in many of its industries during the years 1926 and 1927.

The discussions at the World Economic Conference were in a way both a climax and a turning point. The Preparatory Committee had listed the "organization of production, including in particular international industrial agreements" as one of the "possibilities of action," implying thereby a possible encouragement of the tendency by the conference. But the successive speeches of the delegates brought out quite clearly the economically contradictory nature of the movement, involving as it does groups organized to take advantage of the savings which consolidations effect in the cost of production, as well as groups which simply desire a stabilization of the status quo under present conditions of production whether efficient or not. The point of view of the consumers was also strongly brought forward by the Scandinavians, while M. Jouhaux and other labor delegates advocated temporary retardation of rationalization in order to shift the immediate incidence of technological unemployment.

# FINDINGS OF THE CONFERENCE

The conference accordingly did not endorse the movement toward international industrial agreements (ententes) as M. Loucheur and his group had hoped. In the Final Report the delegates "recognized that the phenomenon of such agreements, arising from economic necessities, does not constitute a matter upon which any conclusion of principle need be reached, but a development which has to be recognized and which, from this practical point of view, must be considered good or bad according to the spirit which rules the constitution and the operation of the agreements, and in particular according to the measure in which those directing them are actuated by a sense of the general interest." In some branches they might "secure a more methodical organization of production and a reduction in

<sup>17.</sup> London, Benn, 1928.

<sup>18.</sup> Liberal Industrial Inquiry, p. 97. The Balfour Committee comes to similar conclusions in its Final Report of the Committee on Industry and Trade (Cmd. 3282, 1929), p. 189-93.

costs by means of a better utilization of existing equipment, the development on more suitable lines of new plant [and] a more rational grouping of undertakings"; on the other hand, they might "act as a check on uneconomic competition and reduce the evils resulting from fluctuations in industrial activity." The conference recognized, however, that "such agreements, if they encourage monopolistic tendencies and the application of unsound business methods, may check technical progress in production and involve dangers to the legitimate interests of important sections of society and of particular countries." 19

The conference did not yield to the demands of those who pressed for the establishment by the League of a variety of international cartel control.<sup>20</sup> Its report points out that this would be too rapid a step in view of the stage of development of international law and the prevailing conceptions of national sovereignty.

"So far as regards international agreements," it adds, "it is generally recognized that the establishment of an international juridical régime is impossible in view of the divergencies between the measures which various countries have considered it necessary to take in the matter, and on account of the objections of principle which a number of States would feel on national and constitutional grounds to any such system. It has, moreover, been pointed out that the laws and regulations and the tribunals of each country have jurisdiction not only over national agreements but also over international agreements in so far as they involve operations within the national territory,"21

After recommending recourse to a system of voluntary arbitral bodies in which it

probably had in mind the system of commercial arbitration now being developed by the International Chamber of Commerce,<sup>22</sup> the report concludes with the statement that

"The League of Nations should closely follow these forms of international industrial co-operation and their effects upon the technical progress, the development of production, conditions of labor, the situation as regards supplies, and the movement of prices, seeking in this connection the collaboration of the various governments. It should collect the relevant data with a view to publishing from time to time such information as may be of general interest. The Conference is of the opinion that the publicity given in regard to the nature and operation of agreements constitutes one of the most effective means, on the one hand, of securing the support of public opinion to agreements which conduce to the general interest and, on the other hand, of preventing the growth of abuses."23

# BODIES TO CARRY OUT RECOMMENDATIONS

The conference therefore recommended in effect that in case sufficient backing for this program is found in the Assembly, the Secretariat of the League should make efforts to establish cooperation between the respective national authorities and that it should become the fact-gathering and fact-publishing body, so far as the international aspects of industrial combinations are concerned. At its first meeting in 1928, the Consultative Committee of the Economic Organization of the League had to draw the attention of the Economic Committee to the fact that nothing along this line had been established. By the time the second meeting was held, however, important progress in the study of the legal aspects of the problem had been made.24 The Consultative Committee in 1929 recommended for consideration the

League of Nations, World Economic Conference (1927),
 Final Report, p. 43.

<sup>20.</sup> Cf. William Qualid, The Social Effects of International Industrial Agreements, the Protection of Workers and Consumers, League of Nations International Labour Office, 1925, p. 33. Qualid's proposal was for the establishment of institutions in each State to safeguard interests of workers and vision of the working of industrial agreements to ensure that their "presumed innocence of aim is not afterwards accompanied by reprehenable practices"; (b) centralizing and checking complaints, or carrying on investigations on their own initiative; (c) forwarding their findings to their own governments for action or for reference to the League of Nations. It was proposed that these institutions should be composed of technical experts, employers, workers and consumers.

<sup>21.</sup> For a good summary of the conflicting views at the World Economic Conference on the subject of international "supervision" of international industrial agreements, cf. M. de Peyerimhoff's speech, League of Nations, World Economic Conference (1927). Report and Proceedings, Vol. I. p. 151-53. Cf. also the speech by M. Jouhaux in behalf of the workers' delegations, proposing an "autonomous economic organization" within the League. The discussion of this proposal led to the formation of the Consultative Economic Committee to follow up the work of the conference of 1927.

<sup>22.</sup> Cf. for instance, International Chamber of Commerce, Rules for Conciliation and Arbitration for Business Disputes of an International Character.

<sup>23.</sup> League of Nations, World Economic Conference, Final Report, p. 44.

<sup>24.</sup> League of Nations, Economic and Financial Section, Review of the Legal Aspects of Industrial Agreements, E. 529, September 12, 1929. A preliminary (minneographed) report, entitled Report on the Laws Governing Industrial and Commercial Combinations, was submitted by MM. Decugis, Robert E. Olds and Dr. S. Tschlerschiy to the Economic Committee on October 16, 1929 (League of Nations, E. 628, Part II).

The three legal experts stated in their conclusions that "economic transformations have been so rapid and profound that they are shaking old conceptions to their very foundations. The legal theories under which we have been living are being put to the test of new facts of wide significance and will undoubtedly have to be revised. ... Events in the last few years have run ahead of juridical, economic and political thought. Close observers are only now beginning to grasp the tremendous import of what is going on around them in the

issuing by the League of special annual reports "containing the most important information published on international cartels." Special appropriations will now have to be made for the development of this

work. The general tendency seems clear, therefore. The League is gradually establishing its authority to deal with a question whose international regulation only a decade ago was not seriously contemplated.<sup>26</sup>

# TARIFFS AND INTERNATIONAL INDUSTRIAL AGREEMENTS

There has been a great deal of discussion of tariffs in connection with the development of the international movement toward industrial agreements. The assumption is made that a "cartellized" or closely integrated industry will no longer need customs protection because of its guaranteed markets and that consequently it will no longer use its influence in political and diplomatic circles to back up demands for high protection. Mr. Domeratzky of the U. S. Department of Commerce, in a paper on The International Cartel as an Influence in Tariff Policies, presented at the American Academy of Political and Social Science in January 1929, pointed out that

"Whatever we might think of the influence of industrial interests on tariff policies, it is safe to assume that when the outstanding industries of one country have close relations with the corresponding industries of another country, when, as it happens in some cases, their export business is handled through the same central organization and when the high executives meet more or less frequently to discuss their mutual interests, commercial negotiations between the two

countries in question would be more or less influenced by consideration for the interests of the outstanding industries."

Such consideration for the interests of the outstanding industries might not be strong enough, however, to overcome the desire of the industrial groups in question to retain their respective tariff protection as a potential weapon in negotiations for renewal of a particular industrial agreement. Most of the agreements are for short periods and the allotment of quotas to the different national groups is the subject of sharp bargaining and almost continuous negotiation. The respective national tariffs are among the weightiest bargaining advantages of the weaker units in such negotiations, and alterations here are rather unlikely until conditions of much greater stability have been attained. In fact, there have been tariff increases in the past few years for the purpose of strengthening the position of the delegates of particular industrial groups in such negotiations. Professor MacGregor of Oxford has also pointed out that in so far as this stabilization depends upon the outright purchase of some of the weaker groups by the stronger ones—that is to say. a relinquishing of the original cartel form in favor of the international combination or merger-stabilization in the earlier period will impose higher charges upon the purchasing industry, with consequent high costs of production. During this period of international consolidation of the industry,

industrial and commercial fields, and to gain some inkling of the consequences which will ensue."

After pointing out that it is "not apparent" to what extent

After pointing out that it is "not apparent" to what extent the modern conditions of trade and industry can be fitted into or reconciled with the open and free competitive systems under which business has been carried on, the experts state that they have been "deeply impressed by the fact that we stand face to face with two fundamentally conflicting points of view. The American conception, and perhaps to a lesser extent the British, is an uncompromising maintenance of the principle of competition in the interest of the consumer and of the small producer and trader. On the other hand, in the interest of what is styled national economy, the competitive system has been seriously compromised and invaded on the continent of Europe by the cartel movement, supported in varying degrees by government co-operation.

ing degrees by government co-operation.
"It seems, however, to be recognized in Germany and in other countries which have followed her lead, that industrial organizations such as cartels cannot be permitted to go uncontrolled. This means that the governments of those countries are being drawn more and more into the supervisory function, involving regulation of prices, output, etc. Germany, Norway and also Canada have already organized supervision of this kind."

Tabould methods he added that an economic approach in

It should perhaps be added that an economic approach, in contrast to a strictly legal one, might not reveal so striking a contrast between the Anglo-American conception and the continental one. The experts recognized that "no formula of reconcillation—if one can be said to exist at all-man be worked out by jurists alone."

The experts point out that private international law "has only recently dealt with these problems" and that Its "clear that existing private law is insufficiently developed, both as regards the material legal effects of international industrial combinations, and as regards the rules of procedure and execution."

<sup>25.</sup> League of Nations, 1929, II.23., p. 19.

<sup>26.</sup> A discussion of the League's connection with the international cartel and combination movement would be incomplete without mention of the recent developments with regard to coal and sugar, which have placed the League in a position where it comes near to recommending international agreements of the producers of these articles as one of the most important remedies for the present difficulties in the two industries. The League's work with regard to "shipping conferences" also deserves mention. Cf. report of the February 1929 meeting of the Advisory and Technical Committee for Communications and Transit—published in mimeographed form, March 9, 1929, at Geneva, It is interesting to note that in the Assembly of 1929 the German delegation proposed the study of the production and consumption of wheat by the Economic Commuter, This has been placed on the agenda for the meeting of January 1330

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the absorbing units will therefore prefer to maintain their respective tariff duties in order not to invite competition in a period of difficult financial readjustments. Later on—in the case, at least, of economically acceptable consolidations—we may assume that this particular pressure would cease. But the period of time involved here is probably one of several decades.

# COMPARISON OF FUNCTIONS

Essentially there is a close resemblance between the idea of a political tariff and that of an international cartel, especially in its original form. Both aim at the reservation to a special group of particular national markets. Both strike at outside competition by the imposition of artificial handicaps. The international industrial agreement is at present primarily a device for the protection of the various participants; the emphasis falls on the interests of the groups rather than on the larger international interests of the industry as a whole.27 In this stage. therefore, the growth of the cartel movement is not likely to produce any great momentum toward the lowering of tariff walls. Tariff laws are after all closely integrated; it is not possible to reduce one item without disturbing a number of others-in very different schedules-which have been made proportional to the first, or without upsetting some arrangement whereby duties on particular articles have been fixed in return for some concession in commercial treaty negotiations. It would therefore be difficult to reduce tariffs merely on the ground that a limited number of industrial groups had arrived at some form of international agreement with their competitors.

Ultimate consequences of the movement, however, may affect tariffs in an important manner. Developments in the rayon and chemical industries already point to a tendency among each of the national groups to manufacture the particular articles within the range of the industry in the production of which it has shown an unusual fitness or

for which it has developed the best processes or owns the best patents.28 This is largely so, of course, because the party with the greatest particular fitness-or, as economists would say, with the lowest comparative costs-will believe specialization in the article or process of its choice to be the most profitable concession it can obtain from its fellow members in the cartel or combination. Other members of the group who have developed an aptness elsewhere will feel similarly about some other detail or process. When the developments reach this stage, we shall probably witness within such industrial groups a demonstration of the results of a full division of labor, which to economists is the first and last argument against all undue interference with international trade, whether by the imposition of protective tariffs or by any other method.

Another result of the cartel movement may prove to be a greater impatience with the differences in tariff classifications in the various countries and a consequent pressure, first by private groups and ultimately through the International Chamber of Commerce, for the continuation of the League's efforts toward establishing standardized and simplified tariff nomenclature. This would obviously enhance the authority of the League in tariff matters and might therefore lead indirectly to more reasonable tariff restrictions.

# INTERRELATION OF CARTELS AND TARIFFS

These, however, are speculations as to the future. As far as the present is concerned it is only possible to conclude that there is a distinct interrelation between high tariffs and international industrial agreements, rather than a tendency to reduce tariffs because of the conclusion of such agreements. The new territorial units after the war put forth efforts to create by tariff protection a new industrial development. Exchange difficulties and the break-down of the pre-war commercial treaty system enhanced the movement toward ever higher tariffs. As already indicated in an earlier section of this report, tariffs frequently lead

<sup>27.</sup> While cartel and tariff are theoretically alike in that they both aim at limitation of supply, it is not in all cases feasible in practice to effect protection through a cartel where it is possible to protect by means of a tariff. Thus in a country with anti-combination laws, protection by means of an international industrial agreement is contrary to public policy while protection by means of customs legislation may be a revered political tradition.

<sup>28.</sup> In the rayon agreement of February 1927 the individual plants were allotted the special fields of production in which they were most proficient. Thus the Italian producers were to specialize in low-priced goods for export to Asia.

to expansion of productive capacity, which in turn results in pressure on exports so that overhead costs may be reduced by spreading them over a larger total produc-This generally leads to so-called "dumping" and rapidly brings about a desire for mutual collaboration among members of the same industry to regulate competition. Thus—within the tariff system—cartels or industrial agreements are in a measure an effort to correct some of the evil consequences of the tariffs. In most cases it is an ineffective remedy, of course, since the cartel or agreement is of short duration and all parties to it, as already seen, are anxious to retain or to strengthen their bargaining position with an eye to the possible termination of the arrangement. The over-expansion of normally ineffective producerswhich is a marked consequence of tariffsremains therefore until a more centralized control can be established.

This more centralized control would normally take the form of international combinations or companies, rather than cartels. Meanwhile it is interesting to observe that even the former are to a great extent the result of tariffs, since many of their subsidiaries and branches were originally established in order to avoid the interference of a tariff. International combinations would probably exist under conditions of free trade, but they would in all likelihood be less important, since their tendency would certainly be to take advantage of plants most effectively located or managed, rather than to split production into a large number of national units.

## CUSTOMS UNIONS

The relation of the tariff to international cartels and combinations cannot be discussed without at least mentioning the fact that a considerable section of opinion looks upon such industrial agreements as a necessary step toward the formation of customs

unions—whose creation, of course, is only another way of establishing larger free trade areas. As early as 1915—at the time of Friedrich Naumann's proposals to establish a Mittel-Europa customs union between the Central Powers—it was proposed that in order to avoid a complete annihilation of the weaker industries within such a customs union, cartel agreements should precede its formation so as to insure a more gradual displacement of the less efficient groups and so as to compensate the owners of the industries which are to be displaced by granting them participation in the greater profits of the more efficient national groups.

Somewhat the same idea has played a part in discussions of present-day proposals for a greater degree of customs solidarity between European countries.29 The formation of cartels and the interchange of shares and interests would remove obstacles to such customs agreements which the endangered vested interests in different national units might otherwise easily create. Prominent among those who have voiced such views are M. Louis Loucheur, M. Elemer Hantos, and the late M. Mayrisch—the first leader of the European steel entente. The last named, in fact, was a firm and loyal supporter of Count Coudenhove's pan-European program and often spoke of the integration of his industrial program for the steel industry with the larger aims for continental solidarity. The fact that English and American industries have frequently remained outside the post-war industrial agreements has, of course, added to the strength of this more regional view of the problem, although American abstention is easily explained by geographical location and a peculiar legal situation. English producers have generally not been able even to consider joining such cartels or combinations, as they have not yet arrived at a substantial degree of national consolidation of their own industries.

# PRESENT-DAY TENDENCIES

While the movement during the last five years is significant from a quantitative standpoint, the qualitative evolution has been less marked. As the cartel form, properly speaking, is a weak and unsatis-

factory method of coordinating conflicting interests, it is quite possible that after

<sup>29.</sup> Cf. also the discussions at the Düsseldorf meeting of the Rechryverband der Deutschen Industrie. The most important speech—that of Dr. Richard Heiliner of the Deutsch Linoleum Werke A. G.—may be found in Pax, October 6, 1829.

the special needs of the post-war period have become less imperative, a movement toward a more highly integrated form of merger or fusion will develop. The first evidence of this is now available in the margarine and rayon combines, where the interpenetration of interests is leading to a more highly concentrated direction. "cartel" may therefore be a mere steppingstone in the development of international industrial control.

Before the next stage is reached, however, some very serious conflicts may be anticipated. The new capital equipment which has taken place in many European countries-and particularly in Germanyduring the lull in the competitive struggle brought about by the industrial agreements is likely to cause many groups to face either serious financial difficulties or a renewed struggle for a larger share of the market. in order to distribute the new overhead costs over a larger production. As the tendency is general, it can only lead to a new desire to control the evil consequences of competition. By that time the situation may be ripe for a more concentrated form of cooperation.

This higher form of concentration in management, as well as the fact that recent tendencies in the cartel movement are toward the control of the market for consumers' goods, will probably lead to greater pressure for some form of international public supervision—if not ultimately control -of the new international industrial ownership. The demand for publicity which characterized the deliberations of the League's World Economic Conference is comparable to demands made at a similar stage in the early development of the national trust problem in the United States. That phase ended in the establishment of the Federal Bureau of Corporations, with fact-gathering and fact-publishing powers. It is, of course, an open question whether or not the new data which the League Economic Section hopes to make available with regard to international industrial agreements, will ultimately lead to something like an international equivalent of the Federal Trade Commission with its regulatory powers.30

The problems faced by the two bodies are not dissimilar, however, and the question of unfair trade practices on an international scale, as well as the social consequences of international industrial agreements, both seem well within the broad phrases of the commerce clause of the Covenant of the League and of the Labor Charter (Part XIII of the Treaty of Versailles).

It is interesting to note that while European opinion is moving in the direction of some form of international supervision of regulation, similar views were expressed this summer at the Williamstown Institute of Politics by a former chairman of the U. S. Tariff Commission, Dr. Thomas W. Page, who proposed the organization of a special commercial division of the Permanent Court of International Justice. which would consider all disputes arising out of international trade questions and function in the field of international trade in a manner similar to the Federal Trade Commission in the United States.31 linking of such machinery with the Permanent Court of International Justice rather than with the Economic Committee of the League of Nations or with the International Labour Organization might make it feasible to include the United States in the field of its jurisdiction.32

Finally, we might draw attention to the fact that many students of the international cartel movement have pointed to the somewhat intangible but nevertheless very real "educational" aspects of the entire development. Large groups of hitherto independent and individualistic business men are brought into a relationship where they learn the advantages of international cooperation and of publicity about each other's activities. This should strengthen the efforts of those who conduct international negotiations of the official type, because of the greater volume of responsible opinion it puts behind them. The economic work of the League of Nations and of the International Chamber of Commerce already shows some of the results of this movement of opinion.

<sup>30.</sup> In this connection it should perhaps be mentioned that many American students of the trust problem would be in-clined to question a description of the Federal Trade Commis-sion as "hardly more" than an information and investigation

organization-a characterization which occurs in the report

organization—a characterization which occurs in the report of the legal experts to the Economic Committee (League of Nations, E 529, Part II, cited, p. 22).

31. New York Times, August 3, 1829.

32. At Geneva in 1927, M. Loucheur proposed the development of "Special Chambers" of the Fermanent Court of International Justice to adjudicate disputes with regard to commercial treaties. League of Nations, World Economic Conference (1927), Report and Proceedings, p. 129-134.

# **APPENDIX**

The French Minister of Commerce, in replying to a question from one of the members of the Chamber of Deputies, made public the following list of international agreements in which French industries have participated, together with the year of the establishment of each and the object for which each was organized. The official text was given in *Le Temps* (Paris), December 23, 1929.

Syndicat international des ampoules électriques, 1925. Rationalization of production, regulation of sales, patent exchange. Participants: Germany, England, Austria, Belgium, Denmark, Spain, France, Holland, Hungary, Japan, Norway, Poland, Rumania, Switzerland, Czechoslovakia.

Fédération internationale du chiffon, 1925. Regulation of exports. Participants: Germany, England, Austria, Belgium, France, Holland, Italy, Switzerland, Czechoslovakia.

Syndicat international de la colle, 1925. Rationalization of production, quotas, price regulation. Participants: Germany, England, Austria, Belgium, Denmark, France, Holland, Hungary, Italy, Latvia, Lithuania, Poland, Rumania, Sweden, Switzerland, Czechoslovakia, Jugoslavia.

Association internationale des huileries, 1925. Common purchasing contracts for raw materials. Participants: Germany, England, Australia, Austria, Belgium, Denmark, Egypt, France, Holland, Hungary, Italy, Japan, Sweden, Switzerland, United States.

Entente internationale des fabricants de manchons à incandescence, 1925. Regulation of sales and markets, price agreement on international market. Participants: Germany, England, Austria, Belgium, France, Holland, Hungary, Italy, Poland, Czechoslovakia, Sweden, Switzerland.

International Union of the office appliances trades association, February 1926. Exchange of information. Participants: Germany, England, Austria, Belgium, France, Holland, Italy, Sweden, Switzerland.

Cartel européen des rails Erma, March 11, 1926. Price regulation, division of markets, national markets reserved to the industry of each country. Participants: Germany, England, Austria, Belgium, France, Hungary, Luxemburg, Czechoslovakia.

Cartel international des tubes, July 30, 1926. Quotas on production, price regulation, division of international markets by percentages. Participants: Germany, Belgium, France, Hungary, Poland, Czechoslovakia.

Accord international des pneumatiques, September 1, 1926. Agreement on prices, regulation of conditions of sale and delivery, conditions to retail trade. Participants: Germany, England, Belgium, France, United States.

Cartel européen de l'aluminium, September 1926. Regulation of prices and sales conditions, exchange of manufacturing processes, national markets reserved. Participants: Germany, England, France, Switzerland. Cartel international des fabricants de matériaux de rivetage, September 16, 1926. Regulation of prices and sales conditions. Participants: Germany, France, Switzerland.

Entente internationale de l'acier brut, September 30, 1926. Production quotas with penalties and compensation. Participants: Germany, Austria, Belgium, France, Hungary, Luxemburg, Saar.

Entente internationale des laminoirs, September 30, 1926. Admission of the products in German customs territory. Participants: Germany, France, Luxemburg.

Entente internationale du fer brut, September 30, 1926. Price agreement. Participants: Belgium, France, Luxemburg.

Entente de la potasse, 1926. Regulation of sales, national markets reserved. Participants: Germany, France.

Syndicat international du carbure de calcium, February 1927. Object not determined. Participants: Germany, Austria, Belgium, France, Luxemburg, Scandinavia, Switzerland.

Cartel international du fil-machine, June, 1927. Price regulation. Participants: Germany, Belgium, France, Luxemburg.

Fédération internationale de la soie, October 1927. Standardization, normalization, and conditioning of production. Participants: Germany, England, China, Spain, France, Hungary, Italy, Japan, Switzerland, Czechoslovakia, United States.

Cartel international des tréfileries, November 1, 1927. Production quotas, division of the international market by percentages, price regulation, national markets reserved. Participants: Germany, Austria, Belgium, France, Hungary, Luxemburg, Czechoslovakia.

Entente internationale des fontes, November 1, 1997. Regulation of prices and imports in Germany from Lorraine and Luxemburg; division of the market in the Saar and Belgium. Participants: Germany, France, Luxemburg.

Convention internationale du bismuth, November 1927. Price regulation. Participants: Germany, England, France, Holland, Italy.

Convention internationale de la quinine, November 1927. Price regulation. Participants: Germany, England, France, Holland, Japan, Switzerland, United States.

Convention internationale de l'iode, November 1927. Price regulation. Participants: Germany, England, France, Italy.

Entente internationale du ciment, 1927. Market protection. Participants: Belgium, France, Luxemburg.

Association internationale des teintureries de soie, 1927. Common conditions as to price and sale, protection of the customer. Participants: Germany, Austria, France, Switzerland.

Fédération du commerce des articles tressés, 1927. Regulation of conditions of purchase and sale, sales to hat manufacturers. Participants: Germany, France. Switzerland.

Cartel international de l'industrie du velours et de la peluche, 1927. Agreement on prices, regulation of qualities. Participants: Germany, England, Austria, France, Italy, Czechoslovakia.

Cartel du zino, May 1, 1928. Regulation of production and prices. Participants: Germany, England, Belgium, Spain, France, Holland, Italy, Norway, Poland.

Comité international du commerce de gros du cycle et des accessoires d'automobile, May 1923. Cooperation, recognition by the producers of the middlemen, repression of rebates. Participants: Germany, England, Austria, Belgium, Denmark, Finland, France, Holland, Switzerland, Czechoslovakia.

Cartel international des boutons métalliques, July 1928. Regulation of prices, national markets reserved. Participants: Germany, France, Czechoslovakia.

Cartel des industries de la carbonisation des bois, 1928. Sales regulation, private agreements. Participants: All European producers.

Since this list was given out French industries have participated in an agreement concerning benzol, another concerning tungsten, and participation has been promised in an accord in the superphosphates branch. A French group has also joined the reconstituted paraffin cartel.

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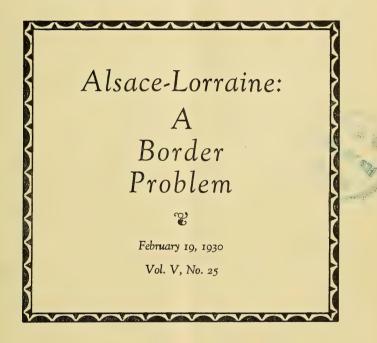
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## ALSACE-LORRAINE: A BORDER PROBLEM

MILDRED S. WERTHEIMER with the aid of the Research Staff of the Foreign Policy Association

This report is based in part upon a visit to Alsace-Lorraine by Dr. Wertheimer in April 1929.

I N November 1919, eleven days after the Armistice, the armies of France marched into Strasbourg amid the plaudits of the population. The "lost provinces" of Alsace-Lorraine had been restored to France and their people rejoiced. Eleven years later, the so-called malaise alsacien—the serious dissatisfaction in the recovered provincesconstitutes one of the most difficult problems facing France today. What has brought about the change of sentiment in Alsace-Lorraine? What is this malaise? What is the attitude of the French government toward it?

To comprehend the complicated problem of the relation of the recovered provinces to the mother country, one must recall at least a bit of their checkered history. In 1648 France secured Alsace1 by the Treaty of Westphalia, and in 1659 France was recognized as the protector of the Duchy of Lorraine. Before the middle of the seventeenth century Alsace had formed part of the Germanic Holy Roman Empire of the Hapsburgs; Lorraine had belonged to the Spanish Netherlands. Thus, from the second half of the seventeenth century until 1871, Alsace and Lorraine were under French rule. They enjoyed the benefits of the Grand Siècle of Louis XIV; they participated in the French Revolution and in the Napoleonic reforms. Before the Revolution there had been no emphasis placed on ethnic or linguistic nationalism in France; 80 per cent of the Alsatian people spoke an Allemand patois very closely akin to German, and had spoken this dialect for some 1,500 years. During the Revolution, nationalism as we know it today may be said to have been born. As a result. some real attempts were made at that time to teach the French language to the AlsaceLorrainers. A great many of the inhabitants, especially the peasants, continued to speak the dialect, however. After 1871, when the two provinces had been annexed to Germany, the France of the Third Republic was completely consolidated into a strongly centralized, anti-clerical State whose nationalism still smacked strongly of the Jacobin fervor of the Revolution. In 1918 Alsace and Lorraine, predominantly Catholic, escaped from a conquered and ruined Germany and were once more, as in 1648, united with a victorious France. The people rejoiced: they "had not yet experienced the administrative and political methods of the Third Republic," as one French writer puts it.2

The French, on their part, received a distinct shock. Brought up to regard Alsace-Lorraine as "sacred symbols of national unity," as two historic French provinces which had been "outrageously torn by force from the fatherland and annexed to Germany, the hereditary foe,"3 many Frenchmen have felt during the last decade as though, instead of their own lost provinces, they had acquired a changeling. For not only did the people of Alsace-Lorraine speak a foreign language, but their entire development, during forty-seven years under German rule, had been in the opposite direction from that taken by the France of the Third Republic. Because of their historic background of changing masters, German nationalism had left them cold, just as French nationalism does not now inspire them. Because of this background, the Alsatians particularly have developed a strong tendency to opposition, a tendency which French policy since 1918 has considerably aggravated.

<sup>2.</sup> René Gillouin, Trois Crises, p. 9n.

<sup>3.</sup> Carlton J. H. Hayes, France: A Nation of Patriots, p. 252.

<sup>1.</sup> Except for the city of Strasbourg, which was ceded to France in 1681.

Under Germany, the inhabitants were never satisfied; now that they are once more French, they are still dissatisfied. Opposition to the existing government seems almost to have become a habit.

A noted French publicist recently said to the Alsatians, "You are a race of administrators, we are a race of politicians." This expresses part of the psychological difference between Alsace and the rest of France. The period between 1871 and 1918 increased this difference, besides affording an excellent opportunity for improving the Alsatian technique of opposition. The provinces were never happy under German rule; their struggles with Prussian Berlin are a matter of history and served to deepen the desire of patriotic Frenchmen in France to recover the lost provinces.

The grievances of the border population—for in reality that is what the people of Alsace and Lorraine are—may be grouped under the following heads: administrative, linguistic and cultural, religious, and political.

The problem from the point of view of the recovered provinces seems not to be an economic one at present. The provinces seem in fact to have benefited economically by re-annexation with France. The Rhine port of Strasbourg, which under German administration never attained a movement of 2,000,000 tons of goods, exceeded 4,000,000 tons in 1927. Not only has the French government aided in the development of the port, but it has put into effect a series of measures tending to give it the status enjoyed by French seaports. As a result, commercial activity in the port of Strasbourg, as early as 1924, was 38 per cent greater than it had been in 1913.6

The population of Alsace-Lorraine, according to the last French census (1926), is 1.795,100.7 The French census does not give the languages spoken by inhabitants, but merely notes the number of French citizens and the number of aliens, 1,630,103 being given as French and 164,997 as aliens. The German census of 1910 is therefore the last census which reports the languages of the inhabitants, and according to it 87.2 per cent gave German as their mother tongue. while 10.9 per cent claimed French and 0.2 per cent gave both French and German.8 For Alsace alone the proportion of Germanspeaking inhabitants was 94.4 per cent, while in Lorraine 73.5 per cent gave German as their mother tongue.

It is in the so-called autonomy movement that opposition to French policy in the recovered provinces has crystallized. The growth of the present movement will be discussed later; but the existence, in fact the prevalence, of an autonomy movement and the emphasis on the *Heimatrechte* or local rights of the inhabitants of Alsace-Lorraine under German rule after 1871 should be noted here.

## GERMAN ADMINISTRATION OF THE PROVINCES

During the debate in the Reichstag in May 1871 on the future administration of the provinces, Bismarck spoke of the particularism of the Alsatians<sup>9</sup> and of the desirability of using it as a foundation on which to build. In the provinces there was much talk of autonomy and of the necessity of preserving the Alsatian individuality. At that time there existed the three French

<sup>4.</sup> André Siegfried. Quoted by Fritz Kiener in "L'Alsace après le verdict de Colmar," La Revue des Vivants, July 1928, p. 52.

<sup>5.</sup> Gillouin, op. cit., p. 54, et seq.

<sup>6.</sup> Alfred Uhry, "The Rhine Port of Strasbourg," L'Alsace Française, February 27, 1926, p. 166. In 1927 the movement of goods totaled 4,313,168 tons. It should be noted, however, that until 1927 the port of Kehl, across the river from Strasbourg, was considered part of the port of Strasbourg. (CF Port Autonome de Strasbourg, Le Port de Strasbourg; also H. Laufenburger, "Economie de l'Alsace," La Revue des Vivants, August 1928, p. 307.)

August 1928, p. 307.)
For the economic importance to France of the re-annexation of Alsace-Lorraine, cf. The Economic Development of Post-War France, by W. F. Ogburn and William Jaffé, especially p. 28 et seq. The natural and industrial equipment of the received provinces, according to the authors, forms an extremely important addition to the French domain. On the other hand, the economic necessity of union between the iron of Lorraine and the coal and particularly the coke of the Ruhr district in Germany is one which must transcend international frontiers. Politically, it was settled once for all at

Locarno that the provinces are to belong to France. Economic necessity makes it possible, however, for them to assume the rôle they so greatly desire of becoming a link between France and Germany.

<sup>7.</sup> Office de Statistique d'Alsace et de Lorraine, Répertoire des Communes des Départements du Bas-Rhin, du Haut-Rhin et de la Moselle, p. xviil, xix.

<sup>8.</sup> The figures are taken from the Statistisches Jahrbuch für Blaass-Lothringen, Filnter Jahrgang 1911, Herausgegeben vom Statistischen Landesamt für Elsass-Lothringen, Strasburg, 1912, p. 20. Comptes Rendus Statistiques, Strasburg, 1912, Fascicule No. 4, p. 21-24. The figures given in both these official publications are the same. In 1902 only 311 out of 1,700 communes in Alsace-Lorraine were listed as predominantly French-speaking. Of these 311, 286 were in Lorraine. (Cf. Statistisches Jahrbuch für Elsass-Lothringen, 1902, p. 9.) It is undoubtedly true that the German census minimized the number of French-speaking inhabitants; furthermore many persons who reported themselves as German-speaking to officials of the German government could probably speak French. Nevertheless, even though bilingualism may have been fairly widespread in 1910, the great majority of the population then, as at present, spoke German.

<sup>9.</sup> Fritz Bronner, Die Verfassungsbestrebungen des Landesausschusses für Elsass-Lothringen (1875-1911), p. 4, et seq.

départments, 10 comprising the territory which under Germany became the Reichsland, or Imperial Province of Alsace-Lorraine.

German rule was unpopular in Alsace-Lorraine. Bureaucratic Prussian officials who were sent to the provinces were efficient, but unpleasant; the introduction of compulsory military service raised a storm

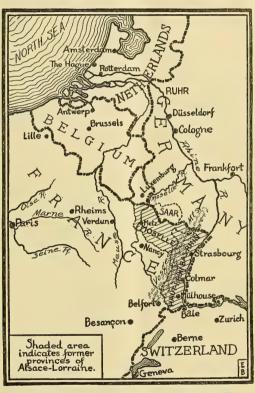
of protest: the "dictator paragraph," which empowered the Emperor's representative-the chief official of Alsace-Lorraine-to proclaim martial law at his discretion. was felt to be an insult by the popu-This law lation. was not repealed until 1902. The use of French was restricted and changes in the educational system, especially the introduction of compulsory school attendance, caused great friction. The transfer of responsibility for school inspection from the Church to the State was very unpopular.

The Imperial German Constitution did not come into force in Alsace-Lorraine until

1874 and after that the provinces were represented in the German Reichstag by fifteen deputies. The deputies elected in 1874 vehemently protested against annexation of the provinces by Germany. Gradually there was formed a group of Alsatians which began to work for autonomy within the German Empire, and to cultivate local patriotism. These men advocated acceptance of

the new situation but worked for amelioration of the "dictatorship" from Berlin, and for the reform of the school law, and defended the French language. In 1874 the Reichsland was granted a provincial chamber—the Landesausschuss. The members of this body were elected indirectly and its powers were merely consultative at first. Laws passed by the German Reichstag in

1877 and 1879. however, gave the Landesausschuss additional powers. enabling it to make local laws for the provinces and vote an annual budget. Its power was limited by the fact that its action might be vetoed by the Reichstag in Berlin, but its status gradually became that of a regional parliament. The Landesausschusswas composed of thirty deputies, and from its first meeting the members were united in the aim to secure a constitution for the provinces. Ideas as to methods differed, but they were generally agreed that, as one deputy expressed it, "Every people, be it large or small, has the



THE POSITION OF ALSACE-LORRAINE IN EUROPE

right to administer itself;"<sup>12</sup> Alsace-Lorraine should be given the same status as the other states which composed imperial Germany.

## AUTONOMY MOVEMENT UNDER GERMANY

It is interesting to note that as early as 1875 an actual autonomy party was formed in the *Reichsland*.<sup>13</sup> Its members were for

<sup>11.</sup> Imperial Decree of October 29, 1874.

<sup>12.</sup> Bronner, op. cit., p. 62-63.

<sup>13.</sup> Ibid., p. 64.

<sup>10.</sup> Moselle, Haut-Rhin, Bas-Rhin, and part of a fourth  $d\acute{e}partement$ , Meurthe.

the most part liberal in tendency although by no means all of them could be so characterized. Among them seem to have been the most active leaders in the Landesausschuss at that time. Furthermore, many of the autonomists, curiously enough, were anti-clerical—an evidence of their liberalism in contrast to the majority of the population which was devoutly Catholic—and during the Kulturkampf in Prussia<sup>14</sup> found themselves ranged on the side of the government.

During the decade of the eighties, feeling for France was somewhat alienated in Catholic Alsace-Lorraine by the anti-clerical tendencies of Jules Ferry,<sup>15</sup> and especially by his anti-clerical school legislation,<sup>16</sup>

In 1879 Bismarck had attempted to meet the Alsatians halfway by giving them a resident governor, or Statthalter. However, the election of 1881 resulted in an overwhelming victory of the so-called "Protesters," the most anti-German element. Bismarck lost patience and there followed suppression of anti-German societies and newspapers, prosecutions, expulsions of French citizens, and more restrictions on the use of the French language. The result was more irritation and bad feeling. There was also great dissatisfaction with the growing militarism of Germany, and in January 1887 only one of the Alsace-Lorraine deputies in the Reichstag voted for the bill increasing the German army. At the general election that year, all the old members from the provinces were re-elected-a protest against Berlin's militarism.17

After 1900 the agitation for a constitution for Alsace-Lorraine became increasingly stronger and was supported by the broad masses of the people in the provinces. The leaders in the movement were members of the younger generation who had been educated during the German régime. Chief among them was Dr. Ricklin, who worked unceasingly in the Reichstag toward this goal.<sup>18</sup>

Finally, on May 31, 1911, the Reichstag granted a new constitution for Alsace-Lor-

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raine, which provided for a Landtag or legislature, composed of two houses. The lower house was to be elected every five years by universal suffrage and the upper was to be composed of members ex officio (representatives of the leading religious bodies, the principal cities, the Council of Agriculture, etc.), and an equal number of members appointed by the Kaiser on the recommendation of the Bundesrat. This number, it was stipulated in the law, "may not exceed that of the other members." The Landtag had the right to make laws with the consent of the Kaiser.

In 1871 the elected representatives of the people of Alsace-Lorraine had unanimously declared that the people willed to be French and had protested vigorously against annexation to Germany. Many pro-French Alsatians emigrated to France after 1871 and many patriotic Germans came to the provinces; the German government made strenuous attempts to Germanize the conquered territory, which intensified to some extent the sentimental attachment to the older mother country, France. Added to this were the antipathy to German militarism, resentment against the German administration and the great suffering of the war years, 1914-1918.

## THE RETURN TO FRENCH ADMINISTRATION

In 1914 Marshal (then General) Joffre upon the occasion of a brief sally into Alsace had declared: "Your return is definitive. You are French forever. France brings to you, with the liberties for which she has always stood, a respect for your liberties, for your traditions, for your convictions, for your customs. I am France. You are Alsace. I bring you the Kiss of France." And this promise was reiterated by all French officials in 1918.

On November 22, 1918 the French armies entered Strasbourg and were greeted with wild enthusiasm. However, the question of

The conflict between Bismarck and the Catholic Church.
 The French Minister of Education at that time.

<sup>16.</sup> Bronner, op. cit., p. 107.

<sup>17.</sup> Ibid., p. 151.

<sup>18.</sup> Ibid., p. 182-83. This is the same Dr. Ricklin who has

been one of the principal leaders of the autonomy movement in Alsace-Lorraine since the war (cf. p. 477). Of the ten members of the Reichstag from Alsace-Lorraine, in 1910 five belonged to no Fraktion, although they were members of the Alsace-Lorraine Center (Catholic) party. They thus preserved their freedom of action and were almost always to be found in the opposition. Four of the ten belonged to the Reich Center party Fraktion and the remaining members to the ReichSepartel. (Fifteen representatives of a party are necessary to form a Fraktion.)

autonomy had already reappeared. Dr. Ricklin had convoked the Landtag on November 12, 1918 at Strasbourg in order to present the French with regionalism as a fait accompli, but the French ignored Ricklin and dissolved the Landtag.19

#### CITIZENSHIP PROVISIONS UNDER VERSAILLES TREATY

The fact that a large number of Germans who were likely to be unfriendly to France had settled in Alsace-Lorraine between 1871 and 1918 complicated the problem of citizenship in the recovered provinces. Furthermore, some of the native Alsatians were not particularly enthusiastic about becoming French citizens. The conditions under which French citizenship may be acquired were laid down by the Versailles Treaty. According to the treaty, persons who lost French nationality in 1871 by the Treaty of Frankfort and who never acquired any nationality other than German, the descendants of these persons, and persons with no nationality or of unknown nationality, automatically became French citizens. In addition, a number of other categories of individuals were allowed to claim French nationality.20

Germans who did not come under any of the above categories might be naturalized, provided that they had resided in Alsace-Lorraine continuously since November 11. 1918 and before August 3, 1914.21 Between the end of 1921 and the end of 1924, 11,829 Germans made the necessary application and during that period 1.947 applications were granted, only 548 being definitely rejected.22

Soon after the Armistice, the French military authorities established commissions de triage (selection commissions) in order to eliminate the most anti-French inhabitants from the provinces.23 The status of the commissions seems to have been entirely extra-legal; they acted in secret and no records of their proceedings are available. It has been estimated, however, that between the Armistice and the end of 1920, some 80,000 persons emigrated to Germany as a result of their activities.24 The French government was responsible for diplomatic and consular protection of those Germans who had applied for naturalization. This responsibility began at the date of application and ended when the request had been acted upon. "However this fact did not prevent the expulsion from French territory of those people who did not obtain naturalization."25 As a result, a good many persons seem to have been deported from the recovered provinces.26

#### FRENCH PROBLEMS OF ADMINISTRATION

France has one of the most completely centralized governments in the world. In matters of administration, especially of local affairs, there has been little change since the time of Napoleon I, and the direction of almost everything is in Paris. After the war, there were many Frenchmen who realized that it would be difficult to reincorporate Alsace-Lorraine without according to the provinces exceptional treatment for a time

at least. These people felt that it would be a mistake to deprive them of their peculiar local customs. Furthermore, many Frenchmen realized that under German rule the Alsace-Lorrainers had become accustomed to a considerable amount of local autonomy.27 On the other hand, many other Frenchmen claimed that the recovered provinces would

<sup>19.</sup> Hayes, op. cit., p. 253, 254, 257. These categories included persons not restored to French nationality under the above-mentioned conditions, who had a male or female French ancestor who had lost his or her French nationality by the Treaty of Frankfort; all foreigners, French nationality by the Treaty of Frankfort; all foreigners, not nationals of a German state, who acquired the status of a citizen of Alsace-Lorraine before August 3, 1914; Germans who had been residents of Alsace-Lorraine prior to July 15, 1879; Germans born or domiciled in Alsace-Lorraine who served in the Allied or Associated armies during the great war, and their descendants; all persons born of foreign parents in Alsace-Lorraine before May 10, 1871, and the descendants of such persons; and the husbands or wives of persons who all the persons who had the right to become French citizens. Individuals were required to make their claims to citizenship before January 15, 1931. (Cf. Treaty of Versailles, Article 79, and Annex, Par. 1 and 2; for legal description of execution of these provisions, cf. J. P. Niboyet, Repertoire Pratique de Droit et de Jurisprudence d'Alsace et Lorraine, Vol. II, p. 323-23.)

<sup>21.</sup> Apparently individuals not becoming naturalized French-ten remain Germans, (Cf. Treaty of Versailles, Article 79, men remain Germans. and Annex, Par. 3.)

Niboyet, op. cit., Supplément pour l'Année, 1925, p. 78. 22. Niboyet, op. cit., Supplement pour Vannee, 1920, D. 78. The applications granted were distributed geographically as follows:Bas-Rhin, 103 out of 4,164 (2.47 per cent); Haul-Rhin, 485 out of 1,746 (28 per cent); Moselle, 1,349 out of 5,919 (22.9 per cent). Rejections were distributed as follows: Bas-Rhin, 19; Haul-Rhin, 71; Moselle, 452. It is interesting to note that in Bas-Rhin, where the autonomists are especially strong, there have been the fewest requests granted.

These commissions seem to have included civilian Alsatians chosen from the pro-French bourgeoisie. It is report that much petty spite attended the work of the commissions. It is reported

<sup>24.</sup> Hayes, op. cit., p. 261.

<sup>25.</sup> Based on a decision of the Conseil d'Etat of July 7,

<sup>22. (</sup>Cf. Niboyet, op. cit., Vol. II, p. 328.)

26. Cf. Jacques Fonlupt, "Notre administration et la calsacienne," La Revue des Vivants, October 1928, p. 656.

<sup>27.</sup> Cf. p. 466 et seq.

not be thoroughly French until their relationship to the French State, French language, French law and French schools was the same as that of all other citizens of France. The result of this conflict of opinion within France has been characterized as "five policies within ten years."28 Moreover. in the provinces themselves there has been a conflict between the desire to be French and the determination to retain local differences; this was strengthened by the fact that the inhabitants had come to cherish their hard-won organs of local self-administration. The latter, of course, would not fit into the scheme of French centralized administration.

Under German rule Alsace-Lorraine formed an administrative unit. Every suggestion that the provinces be divided between various German states-i. e. Baden, Bavaria and Prussia—raised storms of protest in the Reichsland and intensified particularist local sentiment there. As has been noted, upon re-annexation to France the provinces were at once divided into three départements. The French at first set up a temporary civil administration under the Premier, M. Clémenceau, who delegated much of the work to an Under-Secretary of State. For each of the three former French départements a commissioner was appointed: the commissioner at Strasbourg was given the title of High Commissioner, although the other two-in Metz and Colmar-were not subordinate to him. They were directly responsible to the Under-Secretary of State. The latter was assisted by a Superior Council, a consultative body of governmental appointees. A so-called General Service for Alsace-Lorraine was also created, composed of a delegate from each Ministry at Paris. The function of this body was to "centralize the administrative action which the Commissioners of the Republic exercise in the territory of Lorraine, Lower Alsace and Upper Alsace." There was, too, a consultative technical body called the Office of Legislative Studies.29

The temporary régime was replaced in 1919, the three commissioners being superseded by a *Commissariat Général* with wide

28. Gillouin, op. cit., p. 69.

powers. 30 Under the Commissariat Général the centralization process continued. restored départements were organized like the other départements of France. Under German administration the provincial budget had been submitted to the Landtag for approval; when France assumed control it was fused with the French national hudget. The appropriate French Ministries at Paris gradually took over the direction of most of the local services. Thus the railways of Alsace-Lorraine were run by the Ministry of Public Works; justice was administered from Paris by the French Ministry of Justice; the mines were placed under the Ministry of Public Works, as was the administration of posts, telegraphs and telephones. French penal legislation and the greater part of the French private law code were introduced. Only in the municipalities and communes was some measure of local autonomy preserved.

#### CENTRALIZATION POLICY OF THE FRENCH LEFT

In May 1924 M. Herriot and the Radical Socialist party came into power as the result of a general election. This party is avowedly anti-clerical and furthermore advocates centralization of administration.<sup>31</sup> The new premier made the following declaration of policy:

"The government is convinced that it interprets faithfully the will of its dear peoples finally returned to France, in hastening the advent of the day when the last legislative difference will be effaced between the recovered départements and the whole of the territory of the republic. To this end, it will abolish the general commissariat and will prepare the measures which will permit the introduction into Alsace-Lorraine of the whole of the republican legislation."

The result of the accession to power of the Radicals was soon apparent in Alsace-Lorraine. In November 1924 the Superior Council was abolished. The Herriot government had a law passed on July 24, 1925 which substituted for the Commissariat Général the Direction Général des Services d'Alsace et de Lorraine which was directly dependent on the French Prime Minister and had offices in Paris and Strasbourg. The

Niboyet, op. cit., Vol. II, p. 738, et seq.; Hayes, op. cit.,
 p. 257, 258.

M. Millerand held this post from 1919 to 1920; M. Alapetite from 1920 to 1924. (Georges Delahache, Les Débuts de l'Administration Française en Alsace et en Lorraine, p. 1x.)
 Cf. R. L. Buell, Contemporary French Politics, p. 27-32.

latter was charged with the administration of the civil services which had not been attached to the several Ministries—viz., churches, schools, social insurance, local personnel and pensions. The Paris office had as its function the making of investigations, the control and the centralization of all business transacted by the services at Strasbourg. It also acted as a liaison between the several French Ministries and the services which they directed in Alsace-Lorraine.<sup>32</sup>

Under German rule most of the officials of the bureaucracy in Alsace-Lorraine had been natives of the provinces. more, they had enjoyed special rights and The advent of the French brought a great influx of French functionaries, who often received important posts formerly held by natives,33 and who were paid higher salaries than the natives. This was bound to make trouble. The situation was made worse by a decree of April 16, 1920 abridging the special privileges<sup>34</sup> which the local functionaries had hitherto enjoyed, in a further move toward centralization. The opposition was so strong that in Haut-Rhin all the local State employees. including the teachers, and in Bas-Rhin all except the teachers went on strike for three days as a protest. As a result, even the telephone, telegraph and postal services ceased. The struggle went on for three years. Finally, in July 1923, a new law helped the situation a bit. Under this, the two categories of functionaries were recognized, a "local" and a "general." The local functionaries were allowed to choose whether they would remain in the former and retain certain local privileges, or join the latter and work under the same conditions as obtained for the civil service in the rest of France. The law increased salaries for the "local" category by 8 per cent, and those for the "general" category by 16 per cent, with an explanation that the cost of living in the recovered provinces was higher than in the rest of France. This law did not satisfy the local functionaries entirely, however.

The unification of the tax system of Alsace-Lorraine with that of France also caused difficulties. The tax rate in German cities had been relatively high because they operated and financed their own waterworks, lighting systems and municipal transportation. This was also true in the cities in Alsace-Lorraine. In France such functions are performed by the State and the expense is distributed throughout the country by national taxation. Accordingly, in Alsace-Lorraine, since its return to France, the cities have had their own high municipal taxes to meet, besides having to pay national taxes. This has made taxes in Alsace-Lorraine higher than in the rest of France.35

The situation in Alsace-Lorraine was further aggravated by the fact that most of the functionaries sent to the recovered provinces from the interior of France, and especially those in minor posts, spoke only French. The large majority of the population speak the Allemand dialect, closely akin to German, and have been educated in German schools. People going to the post office to buy a postage stamp found that the postal clerk could not understand them nor they him. The same was true in the railway stations and in all the ordinary affairs of daily existence where the State touches the lives of the people. Matters which had formerly been settled in Strasbourg in a short time now had to be sent to Paris for decision, became involved in the red tape of administration in the capital, and took a long time to settle. As one French author has put it:

"During the German times when anyone went to an office, he was sure to be received brusquely, but he always got what he had come for. Today, one is sure to be received nicely, but he never gets anything." 36

### THE LANGUAGE PROBLEM

During the first flush of enthusiasm for France, after the reunion of the provinces with the old mother country, the language question did not appear acute. The Alsace-

<sup>32.</sup> Hayes, op. cit., p. 258-59.

<sup>33.</sup> In 1918, 22 of the primary school inspectors were natives and only 3 were German; in 1919, 20 were French and only 5 were natives. (Revue Scolaire, January 10, 1927, p. 2, cited by Hayes, op. cit., p. 259.)

<sup>34.</sup> Some of these special privileges were as follows: appointments, discharges and transfers could be made only in accordance with strict civil service rules; officials were paid quarterly and in advance; an annual vacation; indemnity for

special expenses incurred; a good pension on retirement; benefits from the German system of social insurance; automatic advancement by right of seniority; in case of death, the helrs of the deceased official were entitled to his salary for the quarter. (Cf. 1bid., p. 259-60.)

<sup>35.</sup> Ibid., p. 260.

<sup>36.</sup> Gillouin, op. cit., p. 73n.

Lorrainers showed great zeal in trying to learn French. Gradually, however, owing in part to their annoyance with French policy in other matters concerning the recovered provinces, and in part to the difficulties brought about by the sudden change of the official language from German to French. sentiment grew stronger for the preservation of the dialect as part of the Heimatrechte or local (home) rights of the provinces. The French lost no time after the Armistice in changing all the signs in public places from German into French and people who could not read a word of French-and they were legion, especially in the rural districts-found it extremely difficult to get around in their native country. Neither could they read the signs in the railway stations. Interpreters were necessary in the courts, where justice was administered in French. The result was not conducive to sympathy for France, which had imposed these new hardships on the Alsatians and Lorrainers. Since that time, signs in public places have been posted in both French and German, but the reaction of many people in the recovered provinces is still well expressed by the following quotation from a moderate autonomist leader:

"... No Alsatian should be obliged to feel strange or slighted in his own homeland when he speaks the language of his land. The use of interpreters is an unworthy presumption which one might force on a slave people, but which simply cannot be discussed in relation to a people which is being ostensibly freed from bondage. Such a policy breeds nothing but malaise." 31

It should be noted that the local dialects, of which there are several, are not written languages. They are used for every-day, homely conversation but, like the Swiss-German dialects to which they are akin, do not lend themselves to the expression of abstract ideas. The written language of the large majority of the people after two generations have been educated in German schools is high German—Hochdeutsch.

This is the heart of the language problem. Moreover, many of the French officials who came to the recovered provinces after the Armistice, and above all many people in France itself, regarded the German-speaking natives of Alsace-Lorraine as Germans—"Boches"—and did not hesitate to say so.

This wounded the feelings of the Alsatians and aggravated the situation.

## FRENCH, THE LANGUAGE OF INSTRUCTION

In the primary schools the language problem has been particularly acute. The French have argued that the Alsace-Lorrainers could not hope for posts in the civil service of France without having a complete knowledge of the French language. Furthermore, they hold that it is unthinkable in a highly centralized State like France that a portion of the population of the Republic should speak only a foreign tongue. Therefore. Paris prescribed that French should be the sole language of instruction in the schools. making the announcement in a circular of January 15, 1920. This was designed "to assure immediately the pre-eminence of French, so as to effect a rapprochement between the children on both sides of the Vosges by means of community of language. unity of spirit and harmony of affections. Its original purpose, which has been realized, was to transform the schools into French schools, in which German will continue to be taught, and not into German schools which, conceding a place to the French language, would have grafted it on to the German dialect."38 The decree provided, however, that religious instruction might be given in French or in German, as the teacher chose.

Although the children must speak French in school, the large majority speak the local dialect at home and among themselves. After they leave school they have more chance to speak German than French. One hears much more German or dialect spoken to this day on the streets and in the shops of Strasbourg and Colmar than French, although most of the shop-keepers, tram-conductors. and tradespeople speak some French. After the Armistice the French changed the German names of many of the principal streets to French names. For instance, the Neue Strasse is now the Rue du 22 Novembre, commemorating the date of the entry of the French troops into Strasbourg after the Armistice; the central square, formerly called the Kaiserplatz, has been re-christened Place de la République, and so on.

<sup>37.</sup> Georges Wolf, Das Elsässische Problem, p. 49.

<sup>38.</sup> Niboyet, op. cit., Vol. II, p. 796.

#### GERMAN ON SCHOOL CURRICULA

Although French is the language of instruction in the schools, France has always recognized that German should also be taught. The natives of the border provinces need a "foreign" language. Therefore, it was decreed that three hours a week, from the third to the last year of primary instruction, should be devoted to German. In October 1927 it was decided to start the teaching of German in the second half of the second year.39

The chief difficulty in making French the sole language of instruction in the schools was that the majority of the teachers and most of the pupils did not speak the language. The former set to work at once to learn French as best as they could: the pupils had to be taught it before they could be taught their reading, writing and arithmetic in what was practically a foreign tongue. Many people in the provinces felt that their children's education was being seriously hampered. Furthermore, especially in the rural districts, the parents complained that since they themselves could not read or write French the fact that their children were taught to read and write in that language as their primary language would make communication between these two generations difficult when the younger people left home. Opposition became more prevalent, especially since other grievances have aggravated the malaise.

There has been much criticism of the move to start the teaching of German earlier in the schools. Ardent French patriots feel too much time is given to German; on the other hand, ardent Alsatian "home-rulers" feel it is too little. Furthermore, the schools in the recovered provinces have the same number of classroom hours as schools of the same grade throughout France and must prepare their pupils for the same State examinations. But they must devote much more time to French instruction than the primary schools in the interior of France. In addition they must give each week three hours of instruction in German, and-a requirement which does not obtain anywhere else in France-four hours of instruction in religion. The problem is a difficult one.

39. Hayes, op. cit., p. 265-67.

census:

Many of the natives of the provinces are convinced that the people should be bilingual in French and German and that Alsace-Lorraine has as its destiny the task of acting as a bridge between France and Germany instead of an eternal cause of contention. The most ardent "home-rulers" declare that German is the basis of their culture and must continue to be so, that the relation of the two languages in Alsace-Lorraine should be the same as it is in Switzerland.

M. Poincaré, in a speech at the University of Strasbourg on April 21, 1927, expressed the view of the government in regard to the language question:

"It has been said that France has sought to destroy the Alsatian dialect, to prevent children from corresponding in German with their parents who do not know French and to forbid the giving of religious instruction in German. All that is false, and it is indispensable that it remain false, not only on paper but in fact. On the other hand, when M. Charlety40 and I spoke of bilingual schools, some fervent defenders of the French language feared that French would lose its favored status in the educational system and be pushed into second place. This fear is no better founded than the other. Children need to know how to write German wherever German is spoken by their parents. They need to know it also because they live in a frontier region in which it was spoken even before 1870. But they should know French as well as German, because French is the national language; because it is only through the understanding of French that they can have intercourse with their compatriots, that they can open the doors of public administration, that they can easily enter into commercial and industrial relations with the rest of the fatherland."41

#### THE RELIGIOUS PROBLEM

One of the most important of the complex causes making for the malaise in Alsace-Lorraine is the religious question. It is closely linked with the school and language problems and with political questions as well.

As has been stated, the great majority of the inhabitants of the recovered provinces are Catholic. The following table, representing the religious affiliations of the people, is based on figures from the 1926

<sup>40.</sup> The educational director of the French government in Alsace-Lorraine from 1919 to 1927.

<sup>41.</sup> L'Alsace-Française, May 14, 1927, p. 389.

RELIGIOUS AFFILIATIONS OF INHABITANTS OF ALSACE-LORRAINE<sup>42</sup>

	Catholic	Protestant	Jewish	No Religion
Bas-Rhin	413,508	191,098	13,177	53,202
Haut-Rhin	421,767	52,499	5,703	10,685
Moselle	585,228	31,524	7,243	9,466
Total	1,420,503	275,121	26,123	73,353

The relations of Church and State in Alsace-Lorraine have been regulated since 1801 by a concordat with the Holy See, negotiated by Napoleon I. Even under German rule the same arrangement obtained. In France, however, the concordat was abrogated in 1905, and since the early eighties there has been no religious education in the schools.

Under the terms of the Napoleonic concordat, the government must nominate bishops, pay the salaries of priests, pastors and rabbis, and insure religious instruction in the schools. In the rest of France none of these functions is undertaken by the State. After the Armistice the French government, nevertheless, did carry on these various duties in the recovered provinces. As long as the Bloc National governed France there was no particular trouble. The French government declared repeatedly that it intended to respect the religious rights and privileges of Alsace-Lorraine. Furthermore, the resumption of diplomatic relations between France and the Vatican in 1921 seemed a guarantee of the good faith of Paris.

However, after the accession of M. Edouard Herriot to power in 1924, supported by an anti-clerical coalition of Radicals and Socialists, a sort of Kulturkampf began in Alsace-Lorraine. Twenty-one out of twenty-four deputies and senators from the recovered provinces protested vehemently and the Bishops of Strasbourg and Metz appealed to their flocks to organize themselves in defense of their religious rights. Meetings of protest were held in various cities which were attended by thousands of people.

## RELIGIOUS INSTRUCTION IN THE SCHOOLS

The most important act of the government at Paris was directed against religi-

ous instruction in the schools in Alsace-Lorraine. Under the terms of the concordat, such instruction is part of the regular curriculum of these schools. Furthermore, most of the schools are "confessional schools"-that is Catholic schools for Catholic children, Protestant schools for Protestants and Jewish schools for Jews. Besides the confessional schools, there are some socalled "inter-confessional" schools-i. e. schools attended by children of all faiths. who receive their religious instruction in separate groups from representatives of their respective creeds. In the inter-confessional schools, secular instruction is given to all the children together. It was against the whole system of religious instruction in the schools that M. Herriot started to take action.

On March 6, 1925 M. Herriot sent a telegram to the prefects of Haut-Rhin, Bas-Rhin and Moselle, stating that the time had come to extend the system of inter-confessional schools and to supplant the confessional schools with them. It is an evidence of the tender state of public opinion in Alsace-Lorraine, especially as regards religious matters, that this move of M. Herriot's raised a great storm of protest. It was looked upon as a first step toward unifying the schools of the recovered provinces with those of the rest of France, where there is no religious instruction.

Almost at once there arose a question of the establishment of an inter-confessional school at Colmar which precipitated matters. The Bishop of Strasbourg ordered parents in his diocese not to send their children to the inter-confessional schools and furthermore ordered a school strike. As a result there was a one-day strike in all the towns in his diocese—except in Colmar itself, where the strike lasted three days. These facts are illustrative not only of the feeling in the provinces but of the power of the clergy.

<sup>42.</sup> Répertoire des Communes des Départements du Bas-Rhin, du Haut-Rhin et de la Moselle, cited, p. xviii, xix.

The Herriot Ministry fell in April 1925, chiefly because of financial difficulties. Its successors at the Elysée Palace have not taken any positive action directed toward the introduction into Alsace-Lorraine of French anti-clerical legislation. The two Socialist deputies from Alsace, however, in May 1927 introduced a bill into the Chamber which provided for complete abrogation of the concordat, abolition of religious instruction and restriction of religious orders. The bill was not passed, but is indicative of the anti-religious sentiment of even the Alsatian Socialists.

## OPPOSITION TO FRENCH POLICY

Since 1924 several influential Catholic priests have taken up the cudgels for the autonomists. Abbés Fashauer and Haegy in Colmar and Abbé Valentiny in Metz are the most outstanding; all three of them edit autonomist newspapers. Abbé Haegy has been perhaps the most in the limelight because of his libel suit against the Paris Journal, which in January 1927 accused him of accepting German money to conduct anti-French propaganda in Alsace. M. Helsey of the Journal could not prove his charges; neither could the Abbé obtain a judgment. The impending deadlock was finally broken in a blaze of patriotic oratory from the judge in a plea that both sides forget their differences. Both sides affirmed their loyalty to France, the Marseillaise was sung, flowers were exchanged and the case ended.

Abbé Haegy is the editor of a chain of papers, two German and one French in Colmar, one German and one French in Strasbourg, and a great number of small rural sheets, with a combined circulation of some 42,000. He is a philosophically in-

clined, gentle-seeming priest who explains his autonomist principles by saving that he has lived to see the worst of both German and French nationalism and is disgusted with both. Speaking French and German equally well himself, he is a strong supporter of bilingualism in Alsace-Lorraine and feels that it is the mission of the provinces to act as a link between France and Germany, and to preserve the best of both cultures. The fact that Abbé Haegy is a disciple of the well-known philosopher Faulhaber of Munich and has studied under him is used against him by French patriots as an evidence of his pro-Germanism. He is the son of simple Alsatian peasants and seems to understand the mentality of the natives-a fact which probably explains the undoubtedly large influence which he exercises through his newspapers.

Protestants, too, although compared to the Catholics there are not very many of them, have been greatly disturbed by the religious situation. In some respects their position has been difficult, for under German rule the Protestant pastors for the most part enjoyed greater prestige than is possible under French rule. They have been inclined to regard local autonomy as the best régime from their point of view.

The language question has been especially acute in its relation to the religious problem. Religious instruction in French. which the government appears to expect, seems extremely inadequate to the religious authorities since for most Alsatian children French is still virtually a foreign tongue. For the Protestants, the majority of whom are Lutherans, it has been especially difficult, for many of the pastors of the Lutheran churches do not speak French. 43

#### THE POLITICAL SITUATION

Between 1918 and 1925 there was, relatively speaking, little political unrest in Alsace-Lorraine. The major political party in Alsace was the *Union Populaire Républicaine*, usually called the U.P.R.; in Lorraine the *Union Républicaine Lorraine* was the name given to the same party. The U.P.R. represented a continuation of the party which had been affiliated with the

German Center party before 1918 and which had been very critical of the German imperial government. It was of course largely Catholic and particularly strong in the country districts. The U.P.R.

<sup>43.</sup> Hayes, op. cit., p. 268-274; Wolf, op. cit., possim; Harold Callender, "Alsace-Lorraine Since the War," Foreign Affairs, April 1287; W. R. Batsell, "French Blein in Alsace-Lorraine," Current History, April 129; Edmond Vermell, "Le Problème religieux en Alsace" 129; Edmond Vermell, "Le Problème 128; Gillouin, op. cit., passim.

seems to have been completely loyal to France, although its program asked for regional autonomy, bilingualism in the schools, the courts and the civil service and the maintenance of the concordat—the religious status quo. The party was allied to the French Bloc National in the general elections of 1919 and 1924.

Another political party in Alsace-Lorraine was allied to the Bloc National-the Parti Démocratique. This was a party of business men. Protestant pastors and pro-French bourgeois. It, too, asked for the maintenance of the religious status quo, for the teaching of German in the schools and for a certain amount of regional autonomy. However, its chief preoccupation was opposition to "Bolshevism," which was the principal plank in its platform. It also stressed its love for France. These two parties secured an absolute majority of the votes in the recovered provinces at the 1919 general elections; at the 1924 elections they received a plurality.

Opposed to the U.P.R. and the Parti Démocratique in the 1919 and 1924 elections were smaller groups of Socialists and These parties advocated the Radicals. rapid assimilation of Alsace-Lorraine by the centralized French State and the abrogation of such provincial legislation as did not correspond with that in the rest of France. The Socialists, however, wished to retain the German social insurance laws. On the whole these groups were anticlerical, anti-capitalist, anti-militarist and, as far as relations between Alsace-Lorraine and France were concerned, strongly nationalist.

It should be noted that autonomism has been more prevalent in Alsace than in Lorraine. This may be due in part to temperamental differences, the Alsatians being more aggressive than the Lorrainers. Another cause has doubtless been the fact that there are more French-speaking people in Lorraine than in Alsace. There is, too, a decided jealousy between the two cities of Metz and Strasbourg. Under a regional government, Strasbourg would again become the capital of the provinces, as it was under Germany—a development which would be extremely distasteful to the Lorrainers.

## THE RISE OF THE AUTONOMY MOVEMENT

After 1924 the breach between French patriots and Alsatian "home-rulers" began to widen. This was doubtless caused by the policies of the Herriot government, particularly in religious matters. About that time Abbé Haegy in Alsace and Abbé Valentiny in Lorraine, both of the U.P.R., began to write in their various newspapers about the necessity for Alsatians and Lorrainers to unite in defense of their traditional home rights and in demands for regional autonomy. They did not content themselves with opposing the "anti-clerical" tendencies of Paris but criticized the French régime in general. This alienated many pro-French members in their own groups and led to the establishment in Strasbourg and Metz of new Catholic newspapers which have been extremely nationalist, pro-French and anti-autonomist.44 The same divergent tendencies appeared among the Democratic groups. In 1924 a specially patriotic group was organized in Alsace, called the "National Republican Committee," which noisily demanded rapid and complete assimilation of Alsace-Lorraine with France. It was intensely anti-German and always on the lookout for German propaganda in the recovered provinces. Another group, organized about this time in Lorraine and called the "Democratic and Republican National Union," supported the League of Nations and the Locarno settlement, advocated international peace and ardently favored bilingualism and regionalism in Alsace-Lorraine. non-bourgeois groups were also among themselves on this issue. The Communist party, formed in 1920, curiously enough has supported cultural and political autonomy as a means of weakening the French government in Paris. The Socialists, on the other hand, have become more and more nationalist and are ardent adherents of centralization and assimilation. In 1925 the ultra-patriotic royalist group in France, the Action Française, founded at Strasbourg a weekly newspaper called Le National. The Action Française had secured a small but noisy following in Alsace-Lorraine and Le National, although

written in German, was very anti-German in content. Some of the more ardent members of the group have on more than one occasion gone so far as to use physical force against members of autonomist organizations.

The mere threat of the anti-clerical, centralizing tendencies of the Radical-Socialist Herriot government seems to have brought to a head the so-called malaise in the recovered provinces. Agitation for special linguistic and religious privileges came more and more to be coupled with a demand for regional autonomy. In 1925 under the leadership of Dr. Ricklin-the physician who had been a prominent Alsatian deputy in the German Reichstag before 1918 and a leader in the struggle for Alsatian autonomy under German rule—a group of extremists founded a newspaper, Die Zukunft. The purpose of this organ was to agitate for political and cultural home rule. At about the same time another paper devoted to the same ideals, Die Volksstimme, began to appear,

#### THE HEIMATBUND MANIFESTO

In the spring of 1926, using these two papers as its organs, a propagandist society, the Heimatbund, or "Home League," was constituted. In a manifesto addressed to "all true sons of Alsace-Lorraine" and published in Die Zukunft on June 8, 1926, the Heimatbund stated that "Alsace had been systematically despoiled for seven years," and declared that there must be complete autonomy for Alsace-Lorraine "within the French State." A separate legislature and administration like those which the provinces had enjoyed under the German law of 1911 were demanded, with a regional capital at Strasbourg. The local authorities, however, were to cooperate with the national Parliament in Paris. These reforms, it was stated, would solve the educational and religious difficulties of Alsace-Lorraine. The manifesto made many specific demands: the German language, "inasmuch as it is the mother tongue of the majority of the population," must be given the position in public life which it deserves; the schools must be brought under local control; the railways must be operated by Alsace-Lorraine; there must be local protection for agriculture, and for the commerce and in-

dustry of the provinces, in particular the wine industry.45 Reorganization of the fiscal system and preservation of local, social and municipal legislation were stipulated, and the manifesto demanded that Alsace-Lorraine be recognized as a region in which "two great cultures exist side by side without the destruction of either." The manifesto stated that the signatories thereto did not wish to be a political party but merely an organization "which will stimulate the existing parties of the land to abandon policies of delay, weakness, and illusion and to lead with unwavering courage the fight for the home rights (Heimatrechte) of Alsace-Lorraine." The manifesto was signed by Catholic priests, Protestant pastors, publicists, school-teachers, local officials and other prominent persons.46

At once the patriotic French press attacked the Heimatbund. Believing, as do most French nationalists, that those who are not with them are against them, the Heimatbund's program for autonomy for Alsace-Lorraine was regarded as merely a disguise to cover the leaders' real desire and purpose: to return to German rule. It was charged that the movement was financed by German money and that many of the leaders were in German pay. This has of course been stoutly denied by the officials of the Heimatbund. The charge of German propaganda has inflamed the minds of Frenchmen, both in the recovered provinces and in the rest of France, and has perhaps made it more difficult for the Alsatians to secure a hearing for their grievances which even some Frenchmen regard as just.

The manifesto of the Heimatbund was received with disapproval by the most important political groups in Alsace and Lorraine—the U.P.R. and the U.R.L.47—in spite of the fact that they sympathized with many of its specific demands. Political autonomy was viewed as being "too radical." In Alsace the U.P.R. refused political cooperation with the Heimatbund, and in Lorraine its members were ostracized by the U.R.L. Furthermore, the Bishop of Metz sharply criticized its policies and the Bishop of

<sup>45.</sup> The wine industry seems to be the only industry which has suffered to any extent by the re-annexation of Alsace-

Lorraine to France.

46. Hayes, op. ott., p. 282; Information Service on International Affairs, Bulletin of International News, Vol. V, No. 16, February 16, 1929, p. 6.

47. Cf. p. 475.

Strasbourg, Mgr. Ruch, went so far as to order the Catholics in his diocese not to read *Die Zukunft*. The result of this criticism from the more moderate groups was that the *Heimatbund* began to cooperate to some extent with the Communists, a circumstance which aroused a good deal of apprehension in the rest of France.

#### GROWTH OF OTHER PARTIES

Toward the end of 1926 a political party called the Elsässische Fortschrittspartei (Alsatian Progressive party) was founded under the leadership of Georges Wolf, Much more moderate than the Heimatbund, it was, however, very insistent on the preservation of the regional rights and privileges of the recovered provinces. It did not desire regional autonomy as did the Heimatbund, but steered a more middle course and advocated a general decentralization for the whole of France and the enlargement of the functions of the départements and arrondissements of the Republic. Its specific demands comprised the use of German for early instruction in the schools of the recovered provinces, with the later and gradual introduction of French; guarantees to native officials of their traditional privileges and reversal of the policy of appointing Frenchmen from the interior to the best posts in the local civil service; continuation of religious instruction in the schools and of the concordat to regulate the relations of Church and State Alsace-Lorraine: amendment of the French civil code to better the legal position of women; and rapprochement between France and Germany. 48 A weekly periodical, Das neue Elsass, was founded to propagandize for the party. A large number of the more moderate elements, favoring regional rights but not inclined to ally themselves with either the Heimatbund or the Communists, were attracted to the Progressive party.

A third group, under the leadership of Claus Zorn von Bulach, was working for "home rights" and, it was alleged by some, for eventual separation from France. The "Alsatian Opposition Bloc," as it was called,

demanded that the Alsace-Lorrainers be treated as "first-class" rather than "second-class" Frenchmen. Their organ was a fortnightly publication, *Die Wahrheit*, founded in the spring of 1927. The methods of this group seem to have been quite lacking in finesse and alienated sensitive French opinion still more in regard to Alsace-Lorraine.

## FRENCH CURB ON ALSATIAN ACTIVITIES

On September 25, 1927 a new manifesto was issued jointly by Die Zukunft and Die Volksstimme, and on October 1, 1927 the leaders of the Heimatbund formed a political party—the Autonomist party. Its program comprised "immediate Home Rule within the framework of France," as a first step toward the establishment of a free Alsace-Lorraine within "the United States of Europe."49 The growing discontent and agitation in the recovered provinces alarmed Paris and annoyed the government greatly; M. Poincaré felt that drastic measures to curb the Alsatians were necessary. As a result, on November 13, 1927, the French government issued a decree suppressing Die Zukunft, Die Volksstimme and Die Wahrheit. A 34-year-old law permitting the government to suppress anti-patriotic newspapers published in a foreign language gave a legal basis for the suppressions; the fact that this law had been originally directed against some Italian anarchist papers did not help to calm the enraged Alsatians. Furthermore, German being the language of some 80 per cent of the people of Alsace-Lorraine, the natives felt that it could hardly be regarded as a foreign language. In February 1926 Die Freiheit, the Alsatian Communist weekly, was added to the list of suppressed papers and in March the organ of the Progressive party, Das neue Elsass, was also banned.

In the meantime, prominent autonomists were arrested and put into jail, on the charge of plotting against the internal security of the State. They included M. Rossé (the president of the Federation of Functionaries), 50 Dr. Ricklin, M. Schall (the

<sup>48.</sup> Georges Wolf, in Das Elsässtsche Problem, published in May 1926, gives his views on the question, which for the most part were later embodied in the program of the Progressive party. The present leader of the party is Camille Dahlet.

<sup>49.</sup> Bulletin of International News, op. cit., p. 6.

<sup>50.</sup> M. Rossé seems to have been charged also with plotting against the "credit of the State." He had been imprisoned before the others, he told the author of this report, because of his connection with the so-called "Sapart" affair, a holding company which he had started in order to secure the savings of himself and a few other individuals.

editor of *Die Zukunft*), Abbé Fashauer, Dr. Roos (former secretary of the *Heimatbund*), and many others. In all some 29 seem to have been arrested and others escaped arrest only by fleeing to Switzerland. Furthermore, it is alleged that over 100 private houses were searched for incriminating evidence, that freedom of assembly was interfered with by the French government, and that a sort of censorship of postal and telephone communications was instituted.<sup>51</sup>

In April 1928 there were general elections and the effect of the action of the French government was clearly apparent. In the three départements of Alsace-Lorraine, only six or seven deputies out of twenty-five were elected who were opposed to the regionalist movement. And this in spite of the fact that the autonomist votes were scattered among rival candidates of the Autonomist. Progressive, and Communist parties as well as the regionalist wings of the Democratic party and the U.P.R. Furthermore, two autonomists who were in prison and awaiting trial-Dr. Ricklin and M. Rossé-were elected to the Chamber by large majorities. The drastic action of the French in Alsace-Lorraine had made martyrs of the autonomist leaders and helped the movement all along the line.52

### THE COLMAR

On May 1, 1928 the trial of the fifteen autonomists in custody opened in Colmar. There was great excitement, not only in the recovered provinces but also in the rest of France, and many of the Paris newspapers sent down special correspondents. The international press was also well represented.

The verdict was not handed down until May 24 and throughout the trial there had been the greatest excitement in Alsace-Lorraine. The charges were not formulated by the government with much exactitude and both the prosecution and the defense were therefore under the necessity of justifying themselves. Finally, on May 10, in the ninth session, the Public Prosecutor stated that "the accused had conspired to change

the form of government of the State and to incite the people to arm."<sup>53</sup> It was stated that proof for this charge had been found in the files of the accused which had been seized by the police.

The accused were charged under an article of the *Code Napoléon*, which is directed against interference with the succession to the throne. Furthermore, they were charged with having drawn up lists of persons for enrollment in a defensive force. And the prosecution maintained that the suppressed autonomist newspapers had been financed from abroad—from Germany and Switzerland.

Finally, after attempting to produce evidence of the actual existence of a definite plot against the State, the Public Prosecutor merely contended that there was sufficient evidence to establish "an agreement and determination to take action." The jury was charged to answer seventeen questions. the first three of which were: "Did a plot exist? If so, what part did the accused play in it? Had any steps been taken to put it into execution?" The defense, while admitting the desire to secure a measure of autonomy for Alsace-Lorraine, strongly denied that this had in any way threatened the security of the French State. difference between separatism and autonomy was stressed again and again, and the leaders of the movement denied that they had even contemplated separation from France. "Autonomy within the framework of France" had been their program, they contended.

During the trial, a large section of the population seems to have become convinced that the State had not in any way proved its case and that a verdict against the leaders of the movement was impossible. The jury, 64 however, found Dr. Ricklin, M. Rossé, M. Schall and Abbé Fashauer guilty of "acting with intent to destroy or change the government and to incite the citizens and inhabitants to take arms against the government." They were sentenced to a year's imprisonment, with five years' interdiction de séjour (prohibition of travel in certain

<sup>51.</sup> Der Fall Ricklin-Rossé vor der Kammer, p. 2-3. More than 70 Alsatlan families were searched on Christmas Eve 1927, according to this pamphlet.

<sup>52.</sup> Hayes, op. cit., p. 286, 287; Elsässer Kurier, April 23, 1928.

<sup>53.</sup> Cf. Bulletin of International News, op. cit., p. 6-7; Der Komplott-Prozess von Colmar vom 1-24 Mai 1928, Gesammelte Verhandlungsberichte, p. 80.

<sup>54.</sup> The jury is alleged not to have been representative of the common people of Alsace. The fact that French is the court language limits greatly the number of people eligible for jury duty. For the most part, these are the pro-French, nationalist bourgeoise, many of whom have returned to the provinces from the interior of France.

parts of the country). The other eleven were acquitted.

At Strasbourg, on June 7, 1928, another group of autonomists were tried on a charge of espionage, found guilty and sentenced to eight months' imprisonment, five years' interdiction de séjour and fines of 300 francs. They were later acquitted, however, on appeal. Still another group who had fled from France were tried in absentia on June 12, convicted and sentenced to twenty years' imprisonment.

In the recovered provinces the verdicts caused a furor. The people felt that there was no justice to be had in a French court of law, and feeling against Paris ran high. Mass meetings and protests in the press made unmistakably evident the feeling of the Alsace-Lorrainers. Finally, the French government decided to display a more conciliatory spirit, and during July President Doumergue formally pardoned Claus Zorn von Bulach, Professor Rossé, Abbé Fashauer, M. Schall and Dr. Ricklin, M. Rossé and Dr. Ricklin were, however, not allowed to take their places in the French Chamber on the ground that they had been convicted on a criminal charge and had therefore lost their rights of citizenship. A debate in the Chamber in November 1928 was held amid scenes of considerable disorder, and the election of Dr. Ricklin and M. Rossé declared null and void. In January 1929 byelections were held in Alsace to fill the seats. but the two deputies elected were merely representatives of the two unseated deputies.55

In the meantime, elections to the General Councils of the départements, held in October 1928, showed that the autonomists had gained strength in Alsace-Lorraine even since the general election of April 1928. And after the October elections, the U.P.R. definitely split, the right wing (anti-autonomist) calling itself L'Action Populaire Nationale. A new paper, Der Elsässer Bote, was founded to support its views.

#### DEBATE IN THE FRENCH CHAMBER

On January 25, 1929 a great debate on Alsace-Lorraine began in the French Chamber which did not end until February 8. A ten-hour speech by M. Poincaré, then head of the French government, was the most important event in the debate. Poincaré reviewed in great detail and with much emotion all that the French government had done for the recovered provinces, and at the end he devoted considerable time to quoting from various pronouncements of the autonomists and condemning their The Chamber evidently agreed activities. with M. Poincaré, for on the motion of a Radical deputy it voted 461 to 17 that "the government, relying on the patriotism of the peoples of Alsace and Lorraine, and their faithful attachment to France, one and indivisible, rejects all amendments and passes to the order of the day." The dissenting votes were those of autonomist and Communist deputies from the recovered provinces.57

The lack of sympathy on the part of the Chamber with the claims of the autonomists may probably be explained by the conviction of the large majority of the deputies that the autonomist leaders and the movement itself are not representative of the sentiment of the Alsatian and Lorraine people. autonomist leaders are regarded as demagogues of the first water, interested in securing influential jobs for themselves in The movement, the recovered provinces. the French are convinced, is an artificial one, financed from abroad and kept alive only through foreign money and foreign influence. This point of view was brought out clearly both during the Colmar trial and in the debate in the Chamber. Furthermore, M. Poincaré is firmly of the belief that the wish for autonomy is nothing more than the first step toward complete separation from France. The repeated declarations of the autonomists that they are striving for autonomy "within the framework of the French State" have fallen on deaf ears. To the French government there is no difference between an autonomist movement and a separatist movement. An Alsatian avowedly

<sup>55.</sup> Bulletin of International Affairs, op. cit., p. 8. MM. Sturmel and Hauss, the newly elected deputies, were both original signers of the Heimatbund manifesto and had stood trial at Colmar.

<sup>56.</sup> Hayes, op. cit., p. 288; Le Temps, October 23, 1928; Frankfurter Zeitung, Abendblatt, October 25, 1928.

<sup>57.</sup> Journal des Débats, February 15, 1929, p. 252. Cf. also L'Alsace Française, February 10, 17, 1929, passim.

in favor of autonomy is therefore, in the French mind, guilty of high treason against the French State. In their opinion, the only solution of the Alsatian problem seems to lie in eventual complete absorption of the recovered provinces by the rest of France. The restlessness and the desire of Alsace-Lorraine for autonomy while under German rule seem to have been interpreted in France merely as an indication of the unhappiness which separation from France caused the provinces. It was not regarded as a manifestation of an innate independence of spirit which has caused the development of local cultural and political ideas particularly cherished by the inhabitants.

M. Poincaré claimed that the French government had done its best in Alsace-Lorraine and, in proof of this, summarized its good works: redemption of German marks at a valuation of 1.25 francs per mark although the mark was worth only 80 centimes (this had cost the French government over two billion francs); building operations in the provinces to the amount of 2,157 million francs; improvement in the condition and output of the textile and potash industries, as well as in the oil and coal industries; improvement in the position of the railways, of agriculture, of industry and commerce. He stressed the excellent treatment accorded to the provincial officials, the payment of pensions, and stated that the number of officials of local birth had more than doubled since 1918. In regard to the language question, M. Poincaré admitted that

the French government had made a certain number of mistakes, but he maintained that the country had gained more than it had lost and that the French language policy was more liberal than the German had been. Furthermore, he made it quite clear that the government had no intention of attempting to impose on Alsace-Lorraine the French lois de laïcité, which abolished religious instruction in the schools, unless the majority of the people of the provinces themselves asked for it. The last part of M. Poincaré's speech was devoted to the reading of extracts from articles which had appeared in the autonomist press, and which, M. Poincaré maintained, all tended to show that the autonomist leaders were attempting to influence public opinion in favor of a complete separation from France. The Premier then charged that the movement had been largely financed by German money and in proof of this stated that the German budget provided a sum of 94 million marks for propaganda purposes.58 And finally, M. Poincaré denied emphatically that the people of Alsace-Lorraine had any right to consider themselves a national minority. He assured the Alsatians again that their local customs would not be disturbed, and in a great peroration asked:

"Gentlemen, what is a national minority? It is an ethnical minority living side by side with the predominant people, politically detached from a foreign State and having the right to claim identity with the latter before the League of Nations. No! Alsace is not a national minority." 59

#### CONCLUSION

The great debate in the Chamber thus had no tangible results but it may have reassured the Alsatians to a certain extent in regard to the preservation of their religious freedom. That there is also some realization of the difficulties is shown by the remarks of the Under-Secretary for Alsace-Lorraine, M. Héraud, in the French Chamber on November 21, 1929.

"In regard to bilingualism . . . I firmly believe that it is necessary in Alsace. Of course, I believe that French culture must undergo a development which will give it the pre-eminent place to which it is entitled. But I believe too that toward a population which speaks a local Ger-

man dialect and uses high German as its written language, it is necessary, indeed it is indispensable, that France should as always show a spirit of understanding and wisdom. It should allow their people to speak the language with which they are familiar, the language learned in infancy, and at the same time to speak French, which should also be considered by the people as a mother tongue.

<sup>58.</sup> This charge, was promptly answered by Dr. Stresemann in a statement specifying the uses to which the German government had actually been putting the funds available for propaganda purposes. He stated that the entire appropriation amounted to only 21,638,000 marks and that only a small part of this sum was for use outside the Reich. (Frankfurter Zeitung, Erstes Morgenblatt, February 3, 1929; Le Temps, February 3, 1923; A 1929;

<sup>59.</sup> Bulletin of International News, op. cit., p. 3-10; Le Temps, January 24—February 9, 1929, especially February 3 for complete text of M. Poincaré's speech.

"... The fact that an Under-Secretary of State has been charged with the affairs of Alsace-Lorraine does not mean a break with the past; it simply gives a member of the French government the task of dealing with particular interests of these two French provinces.

"There is not one France and one Alsace, there is only France, one and indivisible. This has been said before; I repeat it. In the position with which the head of the government has seen fit to honor me, I intend to carry out a national policy and not a party policy....

"I stand with all those who are French to the core and against all those who are the enemies of France." 60

Speaking again on November 26, 1929, M. Héraud gave further proof of his understanding of the troubles of the recovered provinces. He said:

"I have said and I repeat that the German language must be learned by all citizens in Alsace in order that people who at home speak only the Alsatian dialect, of which German is the written form, should be able to make themselves understood by their family and in order to use the language with which most of them grew up.

"I said and I repeat also that the French language is the mother tongue of all France and that it must, in Alsace as in the rest of France, be learned by all French citizens.

"... I have listened to speeches at the bar delivered in French in the presence of persons who speak only Alsatian and have no contact with the court except through an interpreter. The latter, in spite of his skill and his conscience, risks injuring their interests in his translation of a phrase which involuntarily translates their thought.

"I have been impressed by this situation; I understand its gravity. I desire to remedy it to the greatest possible degree." 61

Municipal elections in May 1929 resulted in a victory of the allied forces of Communists and autonomists in Colmar and in Strasbourg—a fact which has greatly disturbed the rest of France as well as some people in the recovered provinces. The French government, however, seems determined to try to win over the provinces by less violent means than heretofore employed. Thus M. Roos, one of the autonomist leaders condemned in absentia in 1928, returned to Strasbourg, gave himself up to the authorities and was prepared to stand his trial. A change of venue from Colmar to Besancon was thought advisable because of the strong feeling in Colmar, and accordingly M. Roos was tried in Besancon in May and was acquitted. Following this, on June 25, 1929, the French government introduced a bill into the Chamber providing amnesty to all accused of implication in autonomist plots in Alsace and to the signers of the autonomist manifesto. An explanatory note from the government stressed the desire to attempt again to wipe out old animosities although previous attempts had been fruitless and had been followed by new troubles.62 It is reported that amnesty has been granted.

In October elections were held for the French Senate and Paris has since been rejoicing that Abbé Haegy, a candidate from Alsace, was not successful. It should be added, however, that since only deputies and members of the municipal councils have the right to vote at these elections, they can hardly be considered as affording a real test of popular opinion. 62

The Alsatians are a notoriously discontented folk. Many of their grievances against France are doubtless justified; their grievances against Germany were also doubtless quite real. Nevertheless, there is some truth in the old rhyme characterizing the people of these troubled provinces:

Hans, Hans of Schnokeloch Has all that he desires; But what he has, he doesn't want, And what he wants, he hasn't got. Hans, Hans of Schnokeloch Has all that he desires.<sup>64</sup>

<sup>60.</sup> Journal Officiel, November 22, 1929. Débats Parlementaires No. 91, Chambre des Députés, 1¼e Législature, 2e Session Extraordinaire de 1929; Compte Rendu in Extenso, 14e Séance, jeudi, 21 Novembre 1929, p. 3,392.

<sup>61.</sup> Journal Officiel, November 27, 1929. Débats Parlementaires No. 95, Chambre des Députés, 14e Législature, 2e Session Extraordinaire de 1929; Compte Rendu in Extenso, 17e Séance, mardi, 26 novembre 1929, p. 3,508.

<sup>62.</sup> New York Herald Tribune, June 26, 1929.

<sup>63.</sup> Christian Science Monitor, October 21, 1929.

<sup>64.</sup> The original, in Alsatian dialect, is as follows:

Der Hans, Hans im Schnokeloch

Hett alles was er will;

Doch was er hett, diss will er nitt,

Un was er will, diss hett er nitt,

Der Hans, Hans im Schnokeloch

Hett alles was er will.

## FOREIGN POLICY ASSOCIATION



# INFORMATION SERVICE

Unsettled Boundary
Disputes in
Latin America

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## Unsettled Boundary Disputes in Latin America

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AGNES S. WADDELL

with the aid of the Research Staff of the Foreign Policy Association

DURING the past two or three years one of the major problems in Latin American international relations has been the settlement of long-standing boundary and territorial disputes. Recently some have been successfully adjusted, notably the Tacna-Arica controversy,1 but there still remains a long list of unreconciled boundary claims, the pressing of which by either party to a dispute may lead at any time to armed Such conflicts actually have encounters. occurred recently in the Chaco, disputed by Bolivia and Paraguay, and in the Motagua valley, disputed by Guatemala and Honduras, and the possibility of further friction in these two section has not yet been removed.

Of the disputes definitively liquidated within the last three years, the majority have merely represented a final clearing-up of obscure points in boundary treaties which, though already ratified, were based on in-

accurate or inadequate topographical information.2 Other boundary controversies, although at one time disposed of through arbitration, have been reopened by the refusal of one of the parties to accept the award. Of these, the Costa Rica-Panama and the Honduras-Nicaragua disputes are the most outstanding. The Ecuador-Peru controversy cannot be counted in quite the same category with the foregoing, since Ecuador, on hearing rumors of an unwelcome award, resorted to futile renewal of direct negotiations with Peru, which in almost twenty years did not lead to a solution. These three, then, together with the Bolivia-Paraguay, Argentina-Uruguay, Colombia-Nicaragua and Guatemala-Honduras disputes make up the seven territorial questions still to be adjusted in Central and South America which are reviewed in the following pages.

#### I. THE BOLIVIA-PARAGUAY DISPUTE

#### BOLIVIA'S PROBLEM OF TRANSPORTATION

Almost two-thirds of Bolivia's territory lies east of the Andes, separated from Pacific ports not only by a mountain barrier over twelve thousand feet high but also by political boundaries established in 1883 after the War of the Pacific when Bolivia lost its only seacoast province to Chile. This double barrier creates for Bolivia major problems of communication and transportation. Railroads from Argentina and from the Pacific ports of Mollendo in Peru and Arica and Antofagasta in Chile tap the Pacific slopes of the Bolivian Andes, but it must be re-

1. Cf. F. P. A. Information Service, "Mexico, the Caribbean and Tacna-Arica," Vol. III, No. 23, January 20, 1928, and "American Mediation in the Tacna-Arica Dispute," Vol. II, No. 11, August 4, 1926. Cf. also F. P. A. News Bulletin, "A Solomon's Decision," Vol. VIII, No. 29, May 24, 1929.

membered that the Bolivian cities of La Paz and Oruro, to which these railroads lead, are both situated on the Titicaca basin and both have elevations of more than twelve thousand feet above sea level. The difficulties involved in extending any of these railways to the lowlands of Bolivia on the eastern side of the Andes would be so enormous that no traffic, present or immediately prospective, would seem to justify the hope that they might compete for the trade which naturally belongs to the great waterways in the east with which Bolivia is so abundantly provided.<sup>3</sup>

<sup>2.</sup> Such were the Brazil-Venezuela Protocol of July 24, 1928, the Colombia-Venezuela agreement of December 17, 1928, and the Argentina-Brazil, Argentina-Bolivia and Bolivia-Brazil

<sup>3.</sup> Neville B. Craig, Recollections of an Ill-Fated Expedition (Philadelphia, Lippincott, 1907), p. 22.

From the early days of the Republic many grandiose projects have been considered for establishing communications across the vast tracts of wilderness and swamps to the Amazon or River Plate systems, but it was not until 1869 that any action was taken to put one of these schemes into effect. At that time the Madeira-Mamoré railroad was begun, to circumvent a series of falls which obstructed free navigation on the Amazon system. This railroad, however, was abandoned in 1878, and not taken up again until 1903.

The second possible waterway to the Atlantic, by the River Plate, had several disadvantages as compared with the Amazon route, but the failure of the Madeira-Mamoré railway project left Bolivia only the choice between an eastern route on the Paraguay River or a southern route on the Pilcomayo River, both of which belong to the River Plate system. Explorations on the Pilcomayo River, which flows through southern Bolivia, showed, however, that the latter route was not feasible. Less than two hundred miles from its confluence with the Paraguay, the Pilcomayo filters through a vast swamp about one hundred miles in diameter, through which there is no principal channel, thus cutting off any possibility of communication between points on the upper Pilcomayo and the River Plate.6

The Paraguay River, then, was the only practical alternative. Although not very deep, it is navigable as far as Puerto Suárez. Vessels drawing nine feet can at all times reach Asunción, but only those drawing three feet can reach Puerto Suárez in the dry season. Above that the river filters through swampy areas, as the Pilcomayo does, and is not navigable.

A serious objection to this route existed, however, because of the lack of an agreement between Bolivia and Paraguay as to their common boundary. For many years these governments have disputed the title to

the so-called Chaco district, which lies in the angle between the Pilcomayo and the Paraguay Rivers. Bolivia has desired to secure control of the Chaco in order to get access to the Paraguay River. Although the Chaco district is sparsely settled, it is reputed to have resources which may possibly include oil. In 1879 a treaty was signed granting Bolivia access to the Paraguay River down to the point where the River Apa, which forms the boundary between Paraguay and Brazil, flows into the Paraguay River. This treaty, like its successor in 1887, was eventually ratified by the Bolivian Congress<sup>8</sup> but never received the approval of the Paraguayan legislature. A third treaty of 1894. the most favorable to Paraguay, was never ratified by either country.

#### THE CHACO CONTROVERSY

Meanwhile Paraguayans had been pushing across into the more accessible strip of the Chaco along the river. Between 1810 and 1820 whatever control there was along the Paraguay River was exercised by Paraguayan authorities without protest from Bolivia, which was cut off from the region by the swamps of the Chaco. It was not until 1879 that Bolivia showed a special interest in the area.

Both Bolivia and Paraguay base their claims to the Chaco on colonial documents which in many cases are so ambiguous that the same *cédula* is interpreted by each country so as to establish its own title. In the main, Bolivia's argument is that the Audiencia of Charcas, <sup>10</sup> from which it was created, had never been deprived of its jurisdiction over the triangular area down to the confluence of the Pilcomayo and the Paraguay Rivers. <sup>11</sup> Paraguay, on the other hand, argues that the Audiencia of Charcas in 1776 became a part of the new Vice-

George Earl Church (compiler), Explorations Made in the Valley of the River Madeira (London, published for the National Bolivian Navigation Company, 1875).

tional Bolivian Navigation Company, 1875).

5. Francisco J. Bravo, Oriente de Bolivia (Buenos Aires, M. Biedma, 1879).

<sup>6.</sup> Craig, op. cit., p. 24.

<sup>7.</sup> George Earl Church, The Route to Bolivia via the River Amazon (London, Waterlow & Sons Ltd., 1877), p. 156; Enrique Bolland, Exploraciones en el alto Paraguay y en la laguna Gaiba (Buenos Aires, 1901).

<sup>8.</sup> Emetrio Can de la Vega, The Bolivian and Paraguay Boundary Dispute (New York, Consulate General of Bolivia, 1929); also Miguel Mercado M., Bi Chaco Boreal (La Paz, 1920), p. 147 and 165 for texts of treaties of 1879 and 1887 respectively. José Aguirre Achá, Arbitration Zone in the Bolivia-Paraguay Dispute (La Paz, 1929), contains text of treaty of 1894.

<sup>9.</sup> Paraguay, Ministerio de Relaciones Exteriores, Cuestión de limites con Bolivia, p. 26.

<sup>10.</sup> The Audiencia was an important unit in the Spanish colonial system. Second only to the viceroy in prestige and influence, the members of an Audiencia exercised judicial, excurive, civil and occasionally military powers. The name was also applied to the whole of a territory subject to the jurisdiction of one of these bodies.

<sup>11.</sup> Mercado M., op. cit.

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#### THE CHACO DISTRICT

Royalty of Buenos Aires; and that in 1783 the new Audiencia created in Buenos Aires, from which Paraguay eventually broke off, was given jurisdiction over the whole valley of the Paraguay River, west as well as east.<sup>12</sup>

Bolivia wishes to base all negotiations for a settlement on titles held in 1810 in accordance with the *uti possidetis* clause, 13 which

 Alejandro Audibert, Cuestión de limites entre el Paraguay y Bolivia (Asunción, Tipografía Salesiana, 1901), p. 51-55.
 88-104, 120.

13. The general proposition that the territorial limits of the Latin American Republics followed the administrative divisions of the Spanish colonial system. The inaccuracy or total lack of official topographic surveys prior to 1810 has made the uti possidetis principle of small practical value. has been generally recognized by Latin American countries. But Paraguay advances an interpretation of the *uti possidetis* clause different from that of Bolivia. It argues that actual possession and not mere legal title shall be the basis for determining ownership.<sup>14</sup> In view of Paraguayan occupation of the region and in view of present concessions along the right bank of the river<sup>15</sup> which proclaim Paraguay's *de facto* 

<sup>14.</sup> Paraguay, Ministerio de Relaciones Exteriores, Cucstión de limites con Bolivia, p. 274-300.

William L. Schurz, "The Chaco dispute between Bolivia and Paraguay," Foreign Affairs (New York), July 1929.

control of the region, the position taken by Paraguay is easily understood.

## PROGRESSIVE DEVELOPMENT OF THE CHACO

After the failure of the negotiations of 1879, 1887 and 1894, each country sought to back up its contentions in the Chaco by force. As a result, Bolivian and Paraguayan forts soon faced each other in the disputed area—on the Pilcomayo and extending northward from the impassable swamps, and on the Paraguay River, in the neighborhood of Puerto Pacheco. In all, there are over 50 of these forts. 16

In 1907 Bolivia and Paraguay agreed to submit to the decision of the President of Argentina the ownership of about 50,000 square miles in this region. The President of Argentina, however, declined to arbitrate the case, and again the question was left undecided. Finally, in 1913, both parties agreed not to advance beyond certain outposts defined in the agreement of 1907 until the question could be settled either by direct negotiation or by arbitration.<sup>17</sup>

In recent years cattle-raising, quebrachocutting, and meat-packing have attracted foreign capital—American and Argentine, principally—to the disputed region, so that at present from the right bank of the Paraguay River short private railroads lead from each of the plants into the Chaco Boreal.<sup>13</sup>

In 1921 a further advance into the disputed area was made when Paraguay granted a charter to a colony of Canadian Mennonites, which is to develop 3,000,000 acres west of Puerto Casado. By the charter granted at Asunción on July 26, 1921, the Mennonite colony is forever "exempt from obligatory military service, either as combatants or non-combatants, both in times of peace and during war." The colony seems to be meeting with a fair amount of success in stock-raising and general farming.

From the advance post of the Mennonite colony to the River Parapetí, the Chaco is

uninhabited save by a number of Indian tribes of a low cultural state. Beyond the River Parapetí, however, in southeastern Bolivia, the existence of oil has attracted American capital. It is reported that the Standard Oil Company of New Jersey has a one-million-hectare oil concession about 150 miles from the Chaco district. No oil is as yet being extracted from the company's wells. Although it is possible that in the future a pipe line may be extended across the Chaco to the Paraguay River, the most practical means of transportation is said to be via the Argentine State Railway, or through a pipe line to the Brazilian coast.<sup>20</sup>

#### BOLIVIA AND PARAGUAY CLASH

While commercial interests were being extended in this region, rivalry between Bolivia and Paraguay again became acute. The 1913 agreement not to advance beyond certain specified outposts was not lived up to and in April 1927 rumors of fighting over the forts maintained in the disputed area led to another unsuccessful conference.<sup>21</sup> A more serious clash occurred on December 6, 1928 at Fort Vanguardia, a Bolivian post.

By a fortunate coincidence two agencies for peace were in session at that time, the Pan-American Conciliation and Arbitration Conference at Washington and the League Council at Lugano. On December 10 the Pan-American Conference passed the following resolution:

"The Conference of American States on Conciliation and Arbitration, assembled at Washington for the purpose of organizing the procedure for the pacific solution of their international differences,

"Unanimously resolves:

"1. To express to the Governments of the sister Republics of Bolivia and Paraguay the keen aspiration and hope which it fosters that their present differences shall be adjusted peacefully in a spirit of justice, concord, and fraternity;

"2. To convey in a cordial and respectful manner to the aforementioned Governments, in conformity with the tradition of this continent

<sup>16.</sup> New York Times, October 8, 1929.

<sup>17.</sup> Aguirre Achá, op. cit., p. 44-6. For text of 1913 agreement, cf. p. 46.

<sup>18.</sup> Schurz, op. cit.

John W. White, "The Great Migration to Paraguay," *Bulletin of the Pan American Union*, May 1927, p. 422-442.
 Already many Mennonites from the United States have joined the colony.

<sup>20.</sup> F. P. A. News Bulletin, "Averting a Latin American War," Vol. VIII, No. 6.

<sup>21.</sup> La Prensa (New York), October, November and December 1927.

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and with the practices which have become general in modern international law, that nations under circumstances such as the present have at their disposal adequate and effective organs and means to find solutions which harmonize the preservation of peace with the right of the States:

"3. To transmit this resolution by telegraph to the Governments of Bolivia and Paraguay;

"4. To form a committee charged with the duty of advising the conference upon the conciliatory action which, if necessary, it might render by cooperating with the instrumentalities now employed in the friendly solution of the nroblem."21a

Representatives of the United States, Brazil, Cuba, Peru and Chile were appointed to this special comittee.

On December 11 the Council of the League of Nations cabled the governments of Bolivia and Paraguay reminding them, as Members of the League, of the provisions of the Covenant with regard to pacific procedure for the settlement of disputes. The Council did not impose its services upon the two governments but left the door open to whatever form of procedure they might prefer. The Council's message read in part:

"It [the Council] does not doubt that the two States . . . will have recourse to such methods as would be in conformity with their international obligations and would appear, in the actual circumstances, to be the most likely to ensure, together with the maintenance of peace, the settlement of their dispute."22

On December 11 Paraguay reported to the Council that it was ready to live up to its obligations and that it had asked for the summoning of the International Commission of Inquiry provided for in the Gondra treaty for the pacific settlement of conflicts between American States.23 Bolivia, which had adhered to but not ratified the treaty, refused to agree to the proposed procedure, and handed the Paraguayan representative at La Paz his passport. In its reply of December 14 to the Council's telegram, the Bolivian government justified its stand in the following manner:

"Bolivia, in adopting the line of conduct forced on her by circumstances, is in no way rejecting peaceful and conciliatory solutions, but only asks for reparation of the outrages committed, and she cannot consent to her aggressor's avoiding its obligation by taking shelter behind the provisions of a pact more suitable for preventing conflicts than for solving them."24

On December 15 the Bolivian Minister for Foreign Affairs informed the President of the Council of a second skirmish, during which Bolivia had captured the Paraguayan post, Fort Boquerón (in the region granted by charter to the Mennonite colony), alleging that Paraguayan troops had been the aggressors. Immediately on receipt of this communication M. Briand addressed both governments, impressing them with the urgent necessity of "taking measures to prevent further incidents capable of compromising the success of any peaceful procedure."25

Meanwhile Bolivia and Paraguay had sent replies to the Pan-American Arbitration Conference, and on December 14 the special committee reported that in its opinion the conference should use its good offices in making a concrete proposal of conciliation to Bolivia and Paraguay.25a The conference adopted this proposal, and charged the special committee with reporting to the conference on developments which might arise out of the incident between the Bolivian and Paraguayan governments.

On December 15 the American Secretary of State, as chairman of the Pan-American Conciliation and Arbitration Conference, addressed identic notes to the Bolivian and Paraguayan Ministers for Foreign Affairs. formally offering the good offices of the conference. Bolivia acknowledged the note the following day-December 16-but did not accept the offer until December 19, after it had formulated its demands for reparation for the capture of Fort Boquerón.

In their replies to the League Council. meanwhile, each government denounced the other for active mobilization. Paraguay reported that it had accepted the good offices of the Pan-American Conference on December 18, but Bolivia still hung back. Faced with a situation which had not essen-

<sup>21</sup>a. Proceedings of the International Conference of American States on Conciliation and Arbitration, December 10, 1983 to January 5, 1939 (Washington, Government Printing Office, 1929), p. 88.
22. League of Nations, Documents concerning the dispute between Bolivia and Paraguay, C.619.M195.1928.VII. p. 4.
23. Cf. F. P. A. Information Service, "The Pan-American Arbitration Treaty," Vol. V, No. 18, November 13, 1929, 2011. 315-316.

<sup>24.</sup> League of Nations, Documents concerning the dispute between Bolivia and Paraguay, cited, p. 9.

<sup>25.</sup> Ibid., p. 9.

<sup>25</sup>a. Proceedings, cited, p. 138.

tially improved since the Council's first intervention, the President of that body seriously considered the possibility of taking more vigorous action. On December 18 he addressed an aide mémoire to the Chargés d'Affaires of Argentina and the United States in Paris, notifying them that "if, in the next few days, the two governments do not, in some form or other, accept such mediation as will afford a likelihood of the settling by peaceful methods of the request for reparation submitted by the Bolivian Government-thereby excluding the possibility of further hostilities—the Council can hardly avoid holding an extraordinary session."26 In such an eventuality, he continued, the Council would have to consider what measures should be taken, either because war had broken out-or because it was on the point of breaking out-between two Members of the League.

He further pointed out that neither of the countries recognized any common contractual obligation not to resort to war other than that arising under the League Covenant by which they were both bound. After intimating that the Pan-American Conference and Argentina might helpfully communicate reports of their action to the League as the League had to them, the Acting President formally proposed coordination of efforts and asked what the other agencies would themselves suggest.

On the same day, the Acting President advised all the members of the Council that it was not unlikely that he would summon an extraordinary session in a few days. This extreme measure, however, was rendered unnecessary by the receipt on the following day of a communication from Bolivia announcing that it had accepted the good offices of the Pan-American Conciliation and Arbitration Conference meeting at Washington.

M. Briand immediately cabled, expressing the gratification of the League that the "generous initiative" of the Pan-American Conference had been so favorably received. and offering its good wishes for a speedy settlement.27 Thus the matter was left defin-

League of Nations, Documents concerning the dispute between Bolivia and Paraguay, cited, p. 11.

itely in the hands of the Pan-American agency.

#### APPOINTMENT OF COMMISSION OF INOUIRY

As a result of the good offices of the Pan-American Conference, Bolivia and Paraguay signed a protocol providing that a "commission of inquiry and conciliation establish the facts which have caused the recent conflicts in the Chaco." This commission was to be composed of nine, consisting of two representatives each from Bolivia and Paraguay, and one each from five neutral countries-Colombia, Cuba, Mexico, the United States and Uruguav.28 The power of this commission was restricted to determining which of the two parties had "brought about a change in the peaceful relations between the two countries." The work of the commission was to be completed within six months from the date of its organization. Once the investigation was completed, the commission would submit proposals whereby the incident might be amicably settled. Both Bolivia and Paraguay promised to suspend all hostilities and to stop all concentration of troops at the points of contact of the military outposts of both countries. The protocol did not affect the territorial questions pending between the two countries.29

On July 1, 1929 the Commission of Inquiry and Conciliation was further authorized by Bolivia and Paraguay to submit suggestions for a permanent settlement of the fundamental question of the boundary between the two countries.30

In pursuance of its instructions, the commission on June 20 and July 8 arranged through the governments of Uruguay and Argentina for the repatriation of the Paraguayan and Bolivian prisoners of war held by Bolivia and Paraguay respectively as a

 $<sup>27.\</sup> Ibid.,\ p.\ 12.\ A$  few months before the outbreak of hostilities, Bolivia had secured a loan from American bankers, part of which had been used for the purchase of arms. Never-

theless. Bolivia finally consented to a pacific settlement of the theiess, Bolivia minary consented to a peaken settlement of the incident, in part because of pressure brought to bear by the League Council and the Pan-American Conference, and possibly because of the financial control exercised over Bolivia by American interests. These interests have acquired oil and tin American interests. These interests have acquired oil and tin holdings of importance. Moreover, the revenues of the government are supervised by a Permanent Fiscal Commission composed of three commissioners, two of whom are recommended by American bankers. One of the latter is chalrman. Cf. Ludwell Denny, America Conquers Britain, p. 167. There is no known connection between the banks holding the Bolivian loans and the American tin and oil interests. It is denied, moreover, that these interests had anything to do with the specific settlement of the Chaco incident.

28. Frotocol of January 3, 1930. Proceedings. cited. p. Proceedings, cited, p. Protocol of January 3, 1930.

<sup>199-1/10.
29.</sup> Ibid., p. 162. On January 4 the Pan-American Conference passed a resolution stating "its full satisfaction because its good offices were accepted."
30. Commission of Inquiry and Conciliation, Bolivia and Paraguay, Report of the Chairman (Washington, Government Printing Office, 1929), p. 7.

consequence of the events of December 1928 in the Chaco. The prisoners were questioned by the commission and as a result of these and other investigations, it was decided that "coercive measures on the part of Paraguay had caused the reaction of Bolivia." This determination of the "aggressor" by an international commission may be of importance in connection with the development of the anti-war pact.

A good beginning for the solution of the commission's second objective was achieved on September 12 when both parties adopted a resolution of conciliation, providing for the renewal of diplomatic relations and the reestablishment of the status quo in the Chaco as of December 5, 1928.

When the term of the commission expired on September 13, negotiations for carrying out this resolution were entrusted to the government of Uruguay, which had been represented on the Commission of Neutrals. It suggested to the governments of Bolivia and Paraguay that they resume diplomatic relations, that Paraguay rebuild Fort Vanguardia, and that Forts Vanguardia and Boquerón be simultaneously returned to their former owners, Bolivia and Paraguay respectively, thus restoring the condition existing in the Chaco before the 1928 skirmish. This suggestion was formally accepted by Bolivia on December 14,32 but up to the middle of February 1930 the Paraguayan government had not acceded to the proposal. It stated that it could not, as a point of national honor, assume the responsibility for the clashes which would be implied in the requirement that Fort Vanguardia be rebuilt prior to the evacuation of Fort Boquerón by Bolivia.

On January 19, 1930, while negotiations for the restoration of the forts were still pending in Montevideo, the Paraguayan Minister of War announced that on January 16 a Bolivian patrol had attacked a Paraguayan encampment near Puerto Casado on the Paraguay River, killing one Paraguayan soldier. The Paraguayan government notified the Secretariat of the League of Nations directly and once more the Acting President of the Council addressed the Bolivian and Paraguayan governments, remind-

ing them of their commitments for peaceful procedure and expressing confidence that no serious incident would compromise its success.

With Bolivia's reply on January 27 denying Paraguayan charges and Paraguay's note of January 30 disclaiming responsibility for the clash, the League of Nations considers the incident closed. Nevertheless. the question has been raised as to what action the outside world would take should a serious conflict finally break out over An American body assumed the Chaco. jurisdiction over the dispute in 1928 because of the fortuitous circumstance that the Pan-American Conciliation and Arbitration Conference was in session at the moment; but in case war over the Chaco should again be threatened it is unlikely that any similar American body would be available to render its good offices.33 The only body with authority to act in case of threatened conflict, no matter when it arises. is the Council of the League. Both Bolivia and Paraguay are Members of the League and subject to the prohibitions of the Covenant in regard to aggression. Under ordinary circumstances the Council might intervene in a dispute at the request of any Member State, as it did in the case of Greece and Bulgaria in 1925.34 But the Chaco situation is complicated by the fact that Bolivia and Paraguay are located on a continent wherein the United States, which is not a Member of the League, has occupied a position of special influence. It seems probable, therefore, that before assuming jurisdiction over the Chaco dispute the League Council would invite the cooperation of the United States.

The third phase of the task entrusted to the commission appointed by the Arbitration and Conciliation Conference in 1928 was to deal with the fundamental cause of dispute—i. e., to trace a boundary line satisfactory to both countries.<sup>35</sup> The commission suggested a plan for direct settlement, which,

<sup>33.</sup> Neither Bolivia nor Paraguay has ratified the Pan-American Conciliation Convention of 1929. Paraguay has ratified the anti-war pact; Bolivia has expressed an intention to ratify the anti-war pact, but the instrument of ratification has not yet been deposited.

<sup>34.</sup> Cf. F. P. A. Information Service, "The Anti-War Pact," Vol. IV, No. 18, November 9, 1928, p. 370.

<sup>35.</sup> Commission of Inquiry and Conciliation, Bolivia and Paraguay, op. cit., p. 2.

<sup>31.</sup> Ibid., p. 15. 32. New York Times, December 15, 1929.

however, proved unacceptable. It next proposed a convention of arbitration to settle the Chaco dispute:36 each party to appoint two arbitrators, of whom only one might be its own national, and to agree on a fifth arbitrator who would be president of the court. All arbitrators were to be citizens of the republics of America. In case the parties failed to draw up an agreement defining the controversy within three months, the agreement was to be formulated by the court. The territory awarded to Paraguay by the decision of President Hayes, however, was to be excluded from arbitration.37 Moreover, Bolivia, regardless of the arbitral decision, was to be given the port of Bahía

Negra on the Paraguay River. Although the government of Paraguay in October 1929 and Bolivia in November accepted the principle of arbitration, Bolivia declined to give up its claim to the territory awarded to Paraguay by President Hayes, while Paraguay declined to admit Bolivia's claim to Bahía Negra.

Either the compromise suggested by the Commission of Inquiry and Conciliation or one similar to it is indispensable for a settlement of the dispute, and the unwillingness or inability of successive governments to accept arbitration has been the great stumbling-block to negotiations for over half a century.

#### II. THE ECUADOR-PERU DISPUTE

THE "ORIENTE"

The "Oriente" controversy between Ecuador and Peru is second in importance only to that of the Chaco between Bolivia and Paraguay. It involves an area estimated at over 40,000 square miles, 38 lying east of the Andes and at the headwaters of the Amazon.

Ecuador, as it is generally outlined on maps of South America, is shaped more or less like a triangle with a base on the Pacific coast. It is cut by two Andean ranges into three sections and it is the Orientethe section east of the second range—that Ecuador and Peru both claim. The land is rather high, sloping sharply to the south and east, and is well watered by rivers which flow south and southeastward to the Marañón, as the Amazon is called beyond the Brazilian frontier. The region, although practically undeveloped, is very fertile, producing cinnamon and other spices, cinchona, from which quinine is extracted, vanilla, salt, rubber and cotton. These potential resources, so Ecuador contends, are its chief value; the coastal and inter-Andean regions of Ecuador as the population increases will become dependent upon the Oriente for expansion and foodstuffs.

At present, means of communication between Quito, Ecuador's capital, over the

Andean barrier to the Amazon district are practically non-existent. In the near future, however, there is a possibility that the airplane—which has done so much for Colombia and Peru—may play a part in the opening-up of that region of Ecuador.

On the other hand, the Oriente is much more easily accessible from the northeastern provinces of Peru. The navigable tributaries south of the Amazon form a natural means of communication which have been utilized from early colonial days. Although it was by priests and adventurers from Quito in Ecuador that the region was first explored,39 since the beginning of the 19th century Peru has administered and colonized much of the Oriente on the headwaters of the Amazon. Iquitos, now the fourth largest Peruvian city, was founded as a result of this northward colonizing movement into the Oriente. From Iquitos Peruvians ascended the northern tributaries of the Marañón River and colonized the Oriente in violation of what Ecuador claimed were its rights. The Andean barrier, however, has prevented any systematic administration of the territory by the government of Ecuador, and although numerous projects have been discussed for the construction of roads or railroads from Quito to some port on a tributary of the Amazon, none of them has as yet been carried out.

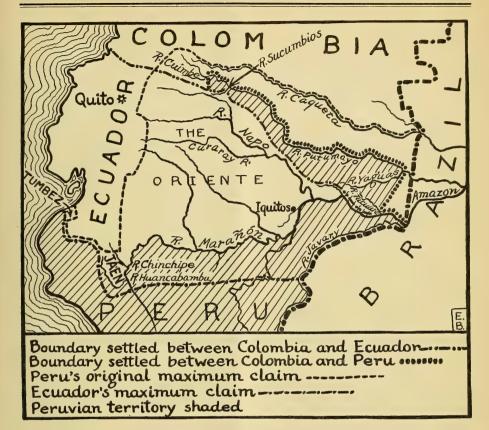
<sup>36.</sup> Ibid., Appendix, p. 7.

<sup>37.</sup> This award was made in 1878 in accordance with the Treaty of Limits of 1876 between Paraguay and Argentina which reserved Bolivia's claims in the Chaco. Cf. Graham H. Stuart. Latin America and the United States (New York, Century Company, 1922), p. 364.

<sup>38.</sup> Reginald C. Enoch, Ecuador (New York, C. Scribner's Sons, 1914).

<sup>39.</sup> Enrique Vacas Galindo, La integridad territorial de la República del Ecuador (Quito, Tipografía Salesiana, 1905), p. 37-96.

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In 1905, referring to the necessity of building a railroad between Quito and a point at the head of navigation on the Curaray River, a tributary of the Amazon, Father Enrique Vacas Galindo, the Ecuadorean authority on the boundary question, pointed out that

"... in this region Ecuadorean nationals are exploited and contribute by paying municipal and other taxes to the enrichment of foreign treasuries. Why? Only because they have no roads or facilities for communicating with the mountain cities; for, far from their fellow nationals and towns, far from the protection of their laws and benefits of their government, they are considered foreigners in their own homeland, while the real foreigners treat them as enemies for the sole reason that they claim, and justly, sole ownership of the territory and its riches."

Besides the Oriente, there are two other small districts in dispute, the province of Tumbez,<sup>41</sup> the district bordering on the Pacific, north of the river of the same name and south of the river Zarumilla; and the province of Jáen,<sup>42</sup> the region bordering the Marañón River where it curves sharply southward between the Rivers Chinchipe and Huancabamba. These, however, are arther small areas, being estimated at about 500 and 3.000 square miles respectively.

The conflicting claims of Peru and Ecuador date back, as do all others in Latin America, to colonial days and are based on colonial territorial divisions. Ecuador rests its claim to the territory on three main

<sup>41.</sup> Vicente Santamaría de Paredes, A Study of the Question of Boundaries between Ecuador and Peru (Press of Byron S. Adams, Washington, 1910), p. 154-164.

<sup>42.</sup> Ibid., p. 127-37.

<sup>40.</sup> Enrique Vacas Galindo, Conferencia sobre la importancia de un ferrocarril al Oriente (Quito, 1905).

points: exploration;<sup>43</sup> a royal decree of 1740 which defined the boundaries of the Presidency of Quito, including the Oriente;<sup>44</sup> and a protocol of 1830,<sup>45</sup> by which Ecuador alleges that Peru gave up its claim to all lands north of the Amazon, but which Peru claims to be a forgery. A fourth claim sometimes advanced is that the inland region is necessary for the future development of coastal and mountainous Ecuador.<sup>46</sup>

Peru in its turn rests its claim on a later cédula of 1802 and presents various other royal orders dating up to 1816 to prove that the terms of the 1802 cédula were accepted and carried out by the colonial administrators. Moreover, it points to effective colonization and occupation of much of the Oriente by Peruvians as proof of its established rights to the territory. 48

#### ATTEMPTS TO SETTLE CONTROVERSY

In accordance with the treaty of 1887, by which Ecuador and Peru agreed to present their claims to arbitration by the King of Spain, each nation drew up extensive memorials to prove its points.<sup>49</sup>

This mass of material was sent to Spain, but an award was never made. In 1910 rumors originating in Madrid predicted a speedy award which would be detrimental to Ecuadorean interests, while not fully satisfying Peru. 50 As a result of the ensuing newspaper campaign of protest, public opinion in both countries was aroused to such a pitch that war was imminent. In May, at the instigation of the United States, the first joint offer of mediation in a South American dispute was made by the Brazilian, Argentine and United States govern-

ments.<sup>51</sup> This offer was accepted, as was also the next suggestion of the mediators, that the troops of both countries be removed from the frontier.<sup>52</sup> Immediate warfare having thus been averted, the parties awaited the award of the Spanish King. In November, however, the Spanish government informed the governments of Ecuador and Peru that King Alfonso XIII withdrew from his position as arbitrator, on the ground that the "prolongation of the situation would not bring about the desired solution," and expressed the hope that direct negotiations might be successful.<sup>53</sup>

The mediating powers then suggested that the question be submitted to the Hague Tribunal but, although this was acceptable to Peru, Ecuador refused on the grounds that it could not submit to arbitration a question which affected its national sovereignty.54 As an alternative, it proposed direct negotiations with Peru, but Peru, in its turn, recalled that for half a century direct negotiations had not led to satisfactory results and insisted on arbitration. This remained a stumbling-block until 1924, when, by the Protocol of June 21, 1924,55 Ecuador and Peru pledged themselves to seek an agreement by direct negotiations as soon as the Chile-Peru boundary should be settled. Any points which cannot be settled by direct negotiations are to be submitted to the President of the United States for his arbitration. The results of that arbitral award will then have to be presented to the two national congresses for approval.

Now that the Tacna-Arica dispute has been settled, there are frequent reports in the press that direct negotiations between Peru and Ecuador are actually under way.

<sup>43.</sup> Enrique Vacas Galindo, La integridad territorial de la República del Ecuador, p. 1-16.

<sup>44.</sup> Ibid., p. 116-138.

<sup>45.</sup> Modesto Chávez Franco, Cartilla Patria, Epitome de historia y geografía referentes a las fronteras entre Ecuador y Perú de 1631 a 1921 (Quito, Imprenta El Día, 1922), p. 125-29.

<sup>46.</sup> Pastoriza Flores, History of the boundary dispute between Ecuador and Peru (New York, Columbia University,

<sup>47.</sup> Santamaría Paredes, op. cit., p. 104-26.

<sup>48.</sup> Ibid., p. 291.

<sup>49.</sup> Perú, Alegato del Perú en el arbitraje sobre sus limites con el Ecuador presentado a S.M. el árbitro la Reina Regente de España (Madrid, Imprenta de los hijos de M. G. Hernândez, 1905): Documentos anexos al alegato del Perú, 2 vols. (Madrid, 1905): Perú, Memoria del Perú en el arbitraje. . con el

Ecuador (Madrid, M. G. Hernández, 1905-1906); Documentos anexos a la memoria del Perú (Madrid, 1905-1906); Ecuador, Ministerio de Relaciones Exteriores, Exposiçión ante S.M. Católica en la demanda de la República del Ecuador contra la del Perú, 2 vols. (Madrid, 1906); Límites entre el Ecuador y el Perú: alegato del gobierno del Ecuador . . . . (Quito, 1892).

Ecuador-Perú, Documentos relativos al litigio de frontera de ambos países sometido al fallo arbitral de S.M. Alfonso XIII (Quito, Imprenta Nacional, 1910).

<sup>50.</sup> Ecuador, Documentos diplomáticos referentes al conflicto Ecuatoriano-Peruano (Quito, Imprenta Nacional, 1910).

U. S. Department of State, Foreign Relations, 1910, p. 456-7.

<sup>52.</sup> Ibid., p. 461.

<sup>53.</sup> Ibid., p. 504.

<sup>54.</sup> Ibid., 1911, p. 178.

<sup>55.</sup> League of Nations, Treaty Series, Vol. 27, p. 345-48.

#### III. THE COSTA RICA-PANAMA DISPUTE

When in 1903 Panama became an independent State, it fell heir to a territorial controversy between Colombia and Costa Rica. The question had been arbitrated in 1900 by President Loubet of France, but whereas the frontier from the central Cordillera to the Pacific (leaving the erstwhile Panamanian Coto district in Costa Rican territory) was acceptable to both parties, Costa Rica protested against the line running eastward from the Cordillera to the Atlantic, which left a similar strip of Costa Rican territory to Panama.56 President Loubet, Costa Rica argued, had exceeded his powers in drawing the eastern boundary outside the zone in dispute and in territory unquestionably Costa Rican. It therefore protested the award and until a new agreement could be reached, Panama (Colombia's successor) and Costa Rica informally agreed to preserve the status quo. This, however, was never adequately defined and only gave rise to further misunderstandings. 57

President Loubet in his rôle of arbitrator in 1900 chose a mountain spur running from the central Cordillera to the Atlantic as a more marked frontier than would be afforded by the river Sixaola, which had previously constituted the northernmost limit of Colombian jurisdiction. This gave to Colombia the strip of fertile but practically uninhabited and uncultivated territory lying between the Sixaola River and the mountain spur set as the boundary. Costa Rica, as we have seen, registered its protest, but Colombia and later Panama did not make any move to establish their authority in the strip, while allowing Costa Rica to continue to exercise de facto control over it.58

#### COMMERCIAL INTERESTS AGGRAVATE MATTERS

Meanwhile the rivalry of two American fruit companies for the right of exploiting the fertile strip greatly enhanced its value, and the leisurely and amicable negotiations for a settlement soon changed into a heated

56. Cf. Panamā, Ministerio de Relaciones Exteriores, Controversia de limites entre Panamá y Costa Rica, p. 11, for letter of Costa Rican Minister in Paris to French Minister of Foreign Relations, dated September 29, 1900.

argument over the validity of the Loubet award. The part played by the American Banana Company and the United Fruit Company deserves special attention because it illustrates the sort of thing that has frequently occurred or is occurring on other frontiers in Latin America.<sup>59</sup>

The United Fruit Company was organized in 1899 and bought up the property and business of its competitors, organizing a selling company (of which it held stock) that sold at fixed prices all bananas of the combining parties. In 1904 it came into conflict with a rival company, the American Banana Company, which brought suit against it in the United States.

According to the plaintiff in this case, one McConnell started a banana plantation in 1903 in the province of Panama, then part of the United States of Colombia, and began to build a railroad. He was notified by the United Fruit Company, then operating in Costa Rica, that he must either combine with them or withdraw. Two months later. the Governor of Panama recommended to his national government that Costa Rica be allowed to administer the territory through which the railroad was to run, although that territory had been awarded to Colombia under arbitration agreed to by treaty. The United Fruit Company and afterwards, in September, the government of Costa Rica interfered with McConnell. In November 1903 Panama revolted and became an independent republic, declaring its boundary to be that settled by the award. In June 1904 the American Banana Company bought out McConnell and went on with the work, as it had a right to do under the laws of Panama. But in July Costa Rican soldiers and officials seized a part of the plantation and a cargo of supplies, and stopped the construction and operation of the plantation and railway. In August one Astua, by ex parte proceedings, got a judgment from a Costa Rican court declaring the plantation to be his, although the American Banana

<sup>57.</sup> Ibid., p. 24, 74; Panamá, Gaceta Oficial, August 23, 1904.

<sup>58.</sup> Panamá, Ministerio de Relaciones Exteriores, op. cit., p. 24. 67.

<sup>59.</sup> The Guatemala-Honduras boundary dispute, for example, was greatly complicated by a similar rivalry between the Cuyamel Fruit Company and the United Fruit Company; concessions to foreign companies in the Chaco by Bolivia and Paraguay are involving vested interests in that dispute; and concessions by Peru in what Ecuador claims to be its territory have aroused bitter feeling in Ecuador.

Company alleged that the proceedings were not within the jurisdiction of Costa Rica and were contrary to its laws and void. Agents of the United Fruit Company then bought the lands from Astua. The American Banana Company tried in vain to induce the government of Costa Rica to withdraw its soldiers from the plantation and also tried to persuade the United States to interfere, but was thwarted in both attempts by the United Fruit Company.<sup>60</sup>

The American Banana Company brought suit in the United States against the United Fruit Company for damages, alleging that the latter had instigated the Costa Rican government to seize its property. The Supreme Court in 1908 declared it had no jurisdiction in the matter; "The substance of the complaint is that, the plantation being within the de facto jurisdiction of Costa Rica, that State took and keeps possession of it by virtue of its sovereign power. But a seizure by a State is not a thing that can be complained of elsewhere in the Courts. . . " It then added: "The fact, if it be one, that de jure the estate is in Panama does not matter in the least; sovereignty is pure fact. The fact has been recognized by the United States and by the implications of the bill has been assented to by Panama."61

#### ARBITRATION OF BOUNDARY OUESTION

The boundary question was not pressed by either the Panama or Costa Rican governments until 1909, when, a few months after the decision of the United States Supreme Court, the American Secretary of State addressed the American Minister in Panama, asking him to inform the Panama government that since it refused to present the question for arbitration, and since it had allowed Costa Rica to retain de facto control of the territory, the United States government would treat with Costa Rica as the government having jurisdiction in that region. The note of January 23, 1909, read in part as follows:

"For over three years this government has manifested its vehement desire and hope that the conflicting boundary claims of Panama and Costa Rica might be terminated once for all. The interest of the United States in seeing this dispute settled has been constantly demonstrated and its reasons have been clearly expressed.

"When Panama secured its independence there were American interests of importance on the boundary line on the river Sixaola, over which rival American citizens had established claims.

"The settlement of their conflicting claims was and still is dependent on the result of the question of sovereignty over the territory and of the sovereign jurisdiction over controversies which may arise therein. The situation thus created has been very embarrassing and troublesome for the United States and this will continue as long as the determination of the title of sovereignty is in dispute." 62

In spite of the earnest representations of the United States government, Panama did not agree to submit the dispute to arbitration by the Chief Justice of the United States until March 17, 1910. Then, finding direct negotiations with Costa Rica unavailing, it finally capitulated, although in view of the Supreme Court's decision in favor of the United Fruit Company's operating in Costa Rica, Panama feared that an arbitral decision by the head of the Supreme Court would be adverse to its interests.<sup>63</sup>

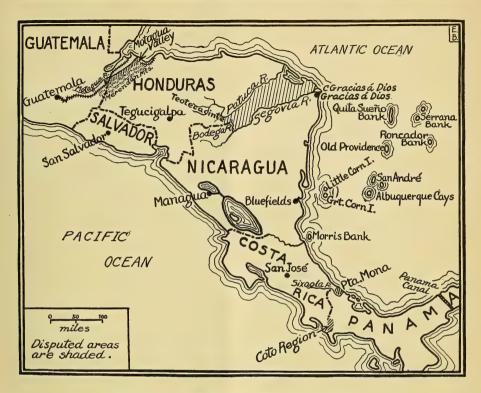
The award of Chief Justice White, handed down on September 12, 1914, confirmed Panama's fears. The award upheld Costa Rica's contention that President Loubet, owing to inaccurate information with regard to the territory in dispute, had exceeded his powers by determining a line outside the section of territory submitted to his arbitration. It fixed the Sixaola River, north of which Panama had never exercised jurisdiction, as the boundary. Panama refused to accept this award, alleging that the arbitrator had exceeded American powers in examining the validity of the Loubet award and in substituting an entirely different boundary line for the one therein proposed. The government of Panama took the view that the Loubet award had compensated Costa Rica for its losses in the east by giving it the Coto district in the west; the White award, however, had not restored any of the Coto district to Panama when it restored the eastern region to Costa Rica; Panama considered it unjust that

<sup>60.</sup> Summary of the Plaintiff's Case. American Banana Company vs. United Fruit Company, 213 U. S., 347-59. 61. Ibid., p. 458-9.

<sup>62.</sup> Panamá, Ministerio de Relaciones Exteriores, op. cit., p. 48.

<sup>63.</sup> Ibid., p. 62. Letter of Belisario Porras, Minister of Panama in Costa Rica to the Secretary of Foreign Relations, Panama, May 14, 1909.

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**BOUNDARY DISPUTES IN CENTRAL AMERICA** 

Costa Rica should now be favored both in the east and in the west.

Costa Rica asserted that Panama's attitude was not justified, for in the arbitration agreement of 1910 the arbitrator was called upon to decide the question:

"Which is the boundary between Panama and Costa Rica most in accord with the correct interpretation and the true intention of the award of the President of the French Republic of September 11, 1900? In deciding this point the arbitrator will take into account all the facts, circumstances and considerations which may touch upon the case, as well as the limitation of the Loubet Award . . . that the boundary must be traced within the limits of the territory in dispute as determined in the Convention of Paris between the Republic of Colombia and the Republic of Costa Rica on June 20, 1886,"64

With Panama's refusal on September 17, 1914 to accept the White award, the situation on the Pacific and Atlantic coasts continued unsettled, but no serious incident disturbed the relations between the two countries until 1921. On February 21 of that year, however, Costa Ricans crossed over into the Coto district on the Pacific which Panama insisted should remain Panamanian until the entire boundary should have been definitely determined.

Panama immediately sent a constabulary force, which disarmed the Costa Ricans and reoccupied the territory. Costa Rica then sent soldiers across to the right bank of the Sixaola River on the Atlantic coast into indisputably Panamanian territory, and both countries threatened to resort to war.<sup>65</sup>

<sup>65.</sup> Panamá, Poder Ejecutivo, Manifiesto a la Nación, August 24, 1921 (Panamá, Imprenta Nacional, 1921).

#### INTERVENTION OF THE UNITED STATES

The United States then intervened. In Panama, a mob demonstration against President Porras, who was reported to have said that war over valueless territory was an absurdity, brought 200 American soldiers from the Canal Zone to maintain order. On February 28 Secretary Colby warned both governments that they must resort to peaceful means for the settlement of their controversy and on March 5 his successor, Mr. Hughes, addressed identic notes to both governments, issuing a similar warning and upholding the White award. 66

Negotiations for a definite settlement were unavailing, but finally on August 23, 1921, after receiving notice from the American government that there was no reason for further delay in Costa Rica's occupation of the Coto region and on learning of the simultaneous dispatch of an American battleship with 400 marines to the Isthmus, Panama under protest ordered its civilian officials to abandon the disputed area.<sup>67</sup>

In Panama as well as in other Latin American countries the United States was severely criticized for its intervention, and relations between Panama and Costa Rica were so embittered that diplomatic relations between the two countries were not resumed until October 1928. During the past year relations have remained cordial, but although press reports rumor that negotiations are again under way,68 no definite results in the adjustment of the Atlantic slope boundary have yet been reached.

#### IV. THE GUATEMALA-HONDURAS DISPUTE

Official diplomatic relations between Guatemala and Honduras, which since 1918 have frequently been strained, seem to be entering upon a period of greater cordiality. The press in both countries, however, still continues to publish rabid editorials on the subject of boundaries.69 It is probably safe to say that the rivalry of the United Fruit Company, with holdings in Guatemala, and the Cuyamel Fruit Company in Honduras has hampered any settlement of the questions which for 80-odd years the two countries have been debating. It is prophesied, however, that a speedy solution of the dispute may now be expected. 70-71

The controversy is strikingly similar to that between Costa Rica and Panama. The alternative boundaries suggested are the watershed of the Merendón mountains on the south—Guatemala's claim—and the Motagua River to the north—Honduras' claim; and it is in the valley between, covering about 2,000 square miles, that land grants by both countries, especially to American fruit companies, have led to friction and armed conflict.

Although several unsuccessful attempts had been made since 1847 to determine a boundary, it was not until after 1915, the year the first Cuyamel Railroad ties were laid in the Motagua valley, that the dispute took on a menacing tone.72 In 1915 the Cuvamel Fruit Company requested permission of the Guatemalan government to extend its railroad by one mile only, as far as Cuyamelito, in the Motagua valley.73 The permission was granted but since then the railroad has been gradually extended beyond that point, without permission from the Guatemalan government, until now it almost reaches the right bank of the Motagua River. This it has done under the protection of the government of Honduras which also claims the valley. The situation is especially difficult because Guatemala's main railroad, a part of the Central American International Railway system, runs up from Puerto Barrios along the left bank of the river and operates a branch which crosses to Las Quebradas in the disputed area. These lines were built and are run by the United Fruit Company to reach a market for their produce.

<sup>66.</sup> Council on Foreign Relations, Survey of American Foreign Relations (New Haven, Yale University Press, 1929). 67. Panamá, Poder Ejecutivo, Nota-Protesta, August 24, 1921 (Panamá, Imprenta Nacional, 1921).

<sup>68.</sup> La Prensa (N. Y.), April 11 and July 2, 1929.

<sup>69.</sup> Nuestro Diario (Cludad de Guatemala), November 22, 1929; frequent editorials in Tegucigalpa and Guatemala City papers during November and December 1929.

<sup>70-71.</sup> Ibid., November 16, 1929.

<sup>72.</sup> Guatemala, Comisión de Limites, Documentos relacionádos con la mediación del departmento de Estado de los Estados Unidos, en 1918-1919, p. 5, 611.

<sup>73.</sup> Ibid., p. 24-5.

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## THE UNITED STATES IN ROLE OF MEDIATOR

When serious armed conflicts occurred in the Motagua valley in 1917, the American State Department offered its good offices as friendly mediator. The offer was accepted and in 1918-1919 representatives of both governments met in Washington under the chairmanship of a representative of the American State Department. The usual mass of colonial and other documents was presented. It is on these documents that Honduras has based its claim entirely,74 Guatemala, on the other hand, points out that as late as 1915 the Honduran government had no officials in the district and recognized Guatemala's jurisdiction over it. Guatemala claims further that it granted 71 concessions in the region, one of which dated from 1836. without any protest from Honduras.75 In other words, there is in this case a repetition of the Bolivia-Paraguay and Costa Rica-Panama situations. One country has exercised de facto control over an area which has become valuable and a second country. which thinks its legal title to the district is better, has disputed the former's rights on the grounds of the legal uti possidetis of colonial times.

During the Washington conferences the mediator was asked to draw up a temporary boundary based on the *status quo*. For this purpose the American Geographical Society was charged to make a scientific survey of the territory in dispute. Its report<sup>76</sup> revealed that Guatemala actually did control the greater part of the Motagua valley and that out of over 4,000 square miles of territory surveyed less than 178 square miles of concessions were in dispute and about 46 miles of railroad right-of-way, this last belonging to the Cuyamel Railway Company.

The fundamental question of a definite boundary, however, still remained unsolved, and, although in 1923 the Ministers of Guatemala and Honduras in Washington declared that their governments had agreed to submit it to the arbitration of the President of the United States,<sup>77</sup> no further steps were taken.

In 1927 another advance into the disputed territory by the Honduras government occasioned reprisals by Guatemala, and war once more threatened. Again the United States in the rôle of mediator sought at the Cuyamel Conferences78 in the following year to find a way out of the impasse. The outcome of the conferences held at Cuvamel in the early part of 1928 was a proposal by the American Secretary of State to the two governments that they submit the dispute jointly and unreservedly to the decision of the International Central American Tribunal. To the tribunal full power would be given to fix the boundary line between the two Republics, taking into consideration their political, economic and commercial interests. would also be empowered to set the amount of any compensation which it might find equitable and proper to be paid by one party to the other. The suggestion was accepted by Guatemala,79 whose de facto control of the Motagua valley would thus be taken into consideration. On the other hand, Honduras, which stakes all on its de jure claims, did not wish to broaden the scope of arbitration, and twice refused the new suggestion.

Since the failure of the 1928 conferences, no agreement has been possible. However, another attempt is now being made to find a formula for arbitration. A Guatemala-Honduras boundary conference has been meeting in Washington since January 20, at the invitation of the American government, and has been attempting to arrive at a settle-The American government has endeavored to persuade Honduras to withdraw its condition that nothing but the judicial aspect of the question shall be considered.80 In the matter of an arbitrator, Honduras continues to object to the International Central American Tribunal but would accept arbitration by one of the members of the Permanent Court of International Justice to be named by the President of the United States.

<sup>74.</sup> U. S. Department of State, Mediation of the Honduren-Guatemalan Boundary Question, 1918-1919, Vols. 1-2 (Washington, Government Printing Office, 1919-1921), especially p. 465-80, 495-545. Guatemala, Comisión de Limites, op. cit., Vol. VIII, Nos. 17 and 18.

<sup>75.</sup> Guatemala, Comisión de Limites, Limites entre Guatemala y Honduras. Algunos documentos presentados en las conferencias de Cuyamel, No. 1 (Guatemala, Tipografía Nacional, 1928).

<sup>78.</sup> Guatemala, Comisión de Limites, Limites entre Guatemala y Honduras, Estudio economico de la zona frontera hecho a 1919 por una Comisión del Departamento de Agricultura de los Estados Unidos (Tegucigalpa, Tipografía Nacional, 1919), p. 28.

<sup>77.</sup> Gaston Nerval, "Central American Peace Threatened by Dispute," The Sunday Star (Washington), April 8, 1929.

<sup>78.</sup> New York Times, April 8, 1928.

<sup>79.</sup> Ibid., July 24, 1928.

<sup>80.</sup> La Prensa (N. Y.), November 24, 1929.

#### V. THE COLOMBIA-NICARAGUA DISPUTE

The most recent phase of the controversy between Colombia and Nicaragua over the possession of the islands and keys off the coast of Nicaragua, known as the San Andrés Archipelago, originated in 1913 when the terms of the proposed canal treaty between Nicaragua and the United States first became known. By Article 2 of that treaty, Nicaragua leased to the United States for a term of 99 years the Great Corn and Little Corn Islands, which guard the approach of the San Juan River, and will guard the eastern terminus of any canal through Nicaragua.

Colombia immediately protested<sup>81</sup> to the Nicaraguan government against this alleged usurpation of its rights over territory which it claimed to have held undisputed since 1882 and over which it even claimed to have exercised some measure of jurisdiction in colonial times<sup>82</sup> whenever the British could be driven out.<sup>83</sup>

Its claim, Colombia points out, was recognized in the Loubet award of 1900 (cf. p. 493) in the dispute between Colombia and Costa Rica. In this connection, the award reads:

"As regards the most distant islands of the Continent and situated between the Mosquito Coast and the Isthmus of Panama, especially Mangle Chico (Little Corn Island), Mangle Grande (Great Corn Island), the keys of Albuquerque, San Andrés, Santa Catalina, Providencia, Escudo de Veraguas, as well as any other isles, islets and banks which previously were dependent on the old province of Cartagena, under the denomination of the Cantón of San Andrés, it is understood that the territory of these islands, without a single exception, belong to the United States of Colombia."

The government of Colombia also protested to the United States on February 6, 1916, quoting the Loubet award, but the United States replied that the question was one primarily for discussion between the

governments of Colombia and Nicaragua, and called attention to the fact that in handing down his award, President Loubet had in mind only the claims of Costa Rica and Colombia and had not undertaken in any way to determine a question which was not before him.<sup>85</sup>

In December 1913 the Nicaraguan Minister of Foreign Relations replied to Colombia's protest by reaffirming the right of Nicaragua to the Great and Little Corn Islands and to the San Andrés Archipelago as well. This originated a diplomatic controversy and exchange of notes which practically exhausted the subject but did not result in a solution.85

Now, however, a solution seems possible, for by a treaty approved in November 1928<sup>87</sup> by the Colombian Congress, Colombia has recognized Nicaraguan sovereignty over the Mosquito Coast, including the Great and Little Corn Islands, while Nicaragua has recognized Colombia's sovereignty over the San Andrés Archipelago. This treaty, however, has not yet been ratified by the Nicaraguan Congress.

#### AGREEMENT REGARDING U. S. NAVAL BASES

The United States, with the consent of Nicaragua, has built lights and other aids to navigation on some of the keys in the San Andrés Archipelago, in spite of the protest of the Colombian government. As an outgrowth of the Colombian-Nicaraguan treaty, therefore, an exchange of notes took place in Washington on April 10, 1928 between the Colombian Minister and the State Department, temporarily settling the controversy between the two governments over the San Andrés Archipelago.88 By this settlement, the United States and Colombia agreed to maintain the status quo in the keys of Quita Sueno, Roncador and Serrana; that is, the United States is to continue to maintain lights and other aids to navigation on the

<sup>81.</sup> U. S. Department of State, Foreign Relations, 1913, p. 1032.

<sup>82.</sup> Antonio José Uribe, Cuestiones internacionales, economicas, políticas y sociales (Bogotá, Libreria Colombiana, 1925), p. 42-4.

<sup>83.</sup> Manuel M. de Peralta, Jurisdicción territorial de Costa Rica, p. 207.

<sup>84.</sup> Cf. also U. S. Department of State. Foreign Relations, 1916, p. 813.

<sup>85.</sup> Ibid., p. 833.

<sup>86.</sup> Antonio José Uribe, Anales diplomáticos y consulares de Colombia, 6 vols. (Bogotá, 1901-1920), vol. I, 1900, p. 463-80; vol. II, 1901, p. 796-834; vol. V, 1918, p. 973-1037.

<sup>87.</sup> New York Herald Tribune, November 21, 1928.

<sup>88</sup> Colombia Diario Oficial Sentember 22, 1928.

keys while Colombian nationals may continue to fish in the waters belonging to the islands.

This agreement led to protests from still another country. Honduras, which has always disputed sovereignty over these islands with Nicaragua, addressed protests in January 1929 to both the United States and Colombia, and the Department of Foreign Relations published extensive colonial documents to prove its title. There is little probability, however, that any change in the present status of these islands will occur as a result of Honduran protests.

#### VI. THE HONDURAS-NICARAGUA DISPUTE

His Majesty, King Alfonso XIII, arbitrator in so many other South American boundary disputes, handed down his decision in a controversy between Honduras and Nicaragua on December 23, 1906. From the Pacific a boundary had been agreed upon between Honduras and Nicaragua as far as the mountain pass of Teotecacinte, but on the line from this pass to the Atlantic the two countries could not agree. From near the pass of Teotecacinte two rivers flow into the Atlantic, one running in a southeasterly direction, the other, northeasterly. Each country, of course, desired as a boundary the river that would give it the larger territory, Nicaragua claiming the Patuca, and Honduras the Poteca (or Bodega) River, which flows into the Segovia (or Wanks or Coco) River and thence to the Atlantic.90 By the arbitral award, the southern river, or the Poteca-Segovia line, was named as the boundary. As this gave to Nicaragua the Cape and town of Gracias a Dios, which had always been Honduran, Honduras was given in compensation a small area on the Segovia River above its confluence with the Poteca.91

The award was accepted unconditionally by Honduras, 92 while Nicaragua on accepting it pointed out that before it could be applied several points would have to be made clearer. 33

Nothing was done by either country to carry out the terms of the award. In 1911 a new government came into power in Nicaragua as the result of a revolution. Wishing perhaps to secure the good will of its neighbor, Honduras, the new Nicaraguan government, "as a fraternal move" and to "demonstrate the sentiments of justice and equity with which the men of the Nicaraguan revolution are imbued," declared the complete acceptance of the arbitral award of the King of Spain.<sup>94</sup>

The Nicaraguan press, however, continued to agitate for a correction of the alleged errors in the award and even for a complete revision. It claimed the award was null and void, for the arbitrator had not been chosen in the manner prescribed by the protocol covering the case.<sup>95</sup>

Up to the present, Nicaragua has not assented to the demarcation of the line of the 1906 award but, according to press reports, negotiations are now pending between the governments of Honduras and Nicaragua for the creation of a mixed commission to resume discussions on the subject, and there seem to be reasonable expectations that an agreement will be arrived at in the not very distant future. 96

<sup>89.</sup> La Prensa (N. Y.), January 7 and 28, 1929.

<sup>90.</sup> Honduras y Nicaragua, Resumen de los alegatos y pruebas presentados a S.M. el Rey D. Alfonso XIII (Madrid Fortanst, 1906).

<sup>91.</sup> Spain, Crown (Alfonso XIII), Laudo pronunciado por S.M. el Rey de España en la cuestión de limites entre las Repúblicas de Honduras y Nicaragua (Tegucigalpa, Tipografía Nacional, 1907).

<sup>92.</sup> A. A. Ramírez F. Fontecha, Por la justicia y la verdad, El arbitrage entre Honduras y Nicaragua, Rectificación documentada al J. D. Gámez, Ministro de Relaciones Exteriores

del Gobierno de Nicaragua (Tegucigalpa, La Prensa Popular, 1908), p. 15.

<sup>93.</sup> Nicaragua, Gaceta Oficial (Managua, no. 3257), December 3, 1907.

<sup>94.</sup> Honduras, Secretaría de Relaciones Exteriores, Limites entre Honduras y Nicaragua, Incidente suscitado por Nicaragua (Tegucigalpa, Tipografía Nacional, 1912), p. iv.

<sup>95.</sup> Ibid., p. 9 and 19.

<sup>96.</sup> New York Herald Tribune, January 3, 1930.

#### VII. THE ARGENTINA-URUGUAY DISPUTE

The boundary line between Argentina and Uruguay in the River Plate is also still undetermined. Uruguay is willing to accept the median line of the river as a boundary, but this Argentina refuses to consider. It claims that Uruguay derives its boundaries from the treaty of August 27, 182897 between Brazil and the United Provinces of La Plata, which limit it to the eastern coast of the River Plate. Argentina now interprets the "eastern coast" to mean the strip of shore which is covered and uncovered by the tides, although Uruguay quotes many instances in which Argentina tacitly recognized Uruguay's jurisdiction over the waters near its coast. In 1901,98 for example, when Argentina wished to dredge the channel running along the Uruguay coast, it asked permission of Uruguay, declaring that Argentina did not intend "to alter the jurisdiction which each riparian state exercises in the River Plate."

Buenos Aires is reached by ocean-going steamers only by means of an artificial channel over one hundred miles long which was built and is marked and dredged by the Argentine Republic. Should the median line be determined as the boundary, a considerable part of this channel would fall within Uruguay's jurisdiction.

Moreover, from Buenos Aires north and northwestward to Brazilian, Uruguavan, Paraguayan and Argentine river ports, the best channel is that which skirts the Uruguavan shore, east of Martín García Island. Up to the end of the nineteenth century a channel west of the island was dredged and marked by Argentina, but with the gradual increase of alluvial deposits and the greater number of ocean-going vessels destined for the Argentine port of Rosario on the Paraná River, Argentina abandoned this channel as too expensive to maintain and in 1901, with the consent of Uruguay. marked and dredged the eastern channel.99 If Argentina should accept the median line as the boundary, therefore, Uruguay could claim sole jurisdiction over the one channel through which practically all commerce with ports on the River Plate system must passa situation which Argentina, since the importance of the eastern channel became apparent, has done all in its power to prevent. The question is not pressing now and it may be many years before the matter is brought up for a final solution.

<sup>97.</sup> Antonio Pereira Pinto, Tratados do Brazil (Río de Janeiro, F. L. Pinto & Cía, 1865).

<sup>98.</sup> A. Vedia, Martín García y la jurisdicción de la Plata (Buenos Aires, 1910).





